Financial Times, May 18, 1976

FINANCIAL TIMES

No. 26,972 — Tuesday May 18 1976 — ***10p

CONTINENTAL SELLING PRICES: AUSTRIA Sch.13; BELGIUM Fr.20; DENMARK Kr.2.75; FRANCE Fr.2.20; GERMANY DM1.70; ITALY L.300; NETHERLANDS Fl.1.50; NORWAY Kr.2.75; PORTUGAL Esc.15.00; SPAIN Pts.30; SWEDEN Kr.2.50; SWITZERLAND Fr.1.50.

NEWS SUMMARY

GENERAL

Killings raise Ulster tensions

...e danger intensified yesterday ... a renewed sectarian war ...eloping from the latest wave ... violence in Ulster in which ... people have died.

Tensions have been heightened ... reprisal killings which have ...owed the deaths of five mem...s of the Royal Ulster Con...ulary.

...he Protestant paramilitary ...ter Defence Association yes...day angrily threatened retali...m against Republican areas ...ause of the Provisional IRA ...mpaign against the police.

...he "long hot summer" ...ich the Provos had promised ... the RUC could work both ...ys, it said. Back Page. Parlia...nt, Page 14

...alawi exodus ...ot expected

...ulsion of some 300 Goanese ...tish passport holders from ...lawi will not precipitate a ...ewed exodus of East African ...ans to Britain, Mr. Evan ...ard, Foreign Office Under-...retary told the Commons. Parliament Page 14

...ichigan test ...r Ford to-day

...sident Ford's campaign faces ...most critical test in to-day's ...blican primary, while in ...yland Democratic front-...ner Mr. Jimmy Carter will be ...er strong pressure from Mr. ...y Brown, Governor of Cali-...nia. In Washington yesterday ...sident Ford opened talks with ...sident Giscard d'Estaing after ...e French leader had arrived by ...ncorde. Page 5

...ighting spreads ...n Lebanon

...vy fighting which took place ...Beirut over the week-end ...ared yesterday to have ...ead to the mountains behind ...Lebanese capital. Meanwhile, ...me Jalloud, Libyan Prime ...ister, arrived in Beirut for ...s with Mr. Kamal Jumblatt, Left-wing leader. Page 8

...oviet quake

...violent earthquake struck ...n of Soviet Central Asia ...terday. Damage and casual-... were reported by Tass news ...ncy. Page 6. At least five ...ple died in a landslide caused ...an earthquake in Peru.

...onn spy scare

...sending on leave of a ...ired senior West German ...ouncil from his Christian ...ocratic party post, and the ...st of his former secretary, ...erday alerted Bonn to what ...eared to be a serious new ...onage case. Page 6

...nial on envoy

...South African Government ...t night categorically denied ...gations that a diplomat at its ...don embassy has been in-...ed in attempts to discredit a ...ish politician. Labour MPs ...ccessfully attempted to raise ...issue—it is being investigated ... the Home Office—in the ...mons.

...d war talks

...in and Iceland are engaged ... new attempt to settle the ... war through Norwegian ...ation. Mr. Anthony Cros-... Foreign Secretary is to ...ss progress in Oslo ...orrow—the eve of a meeting ...ato Foreign Ministers there.

...oftly...

...ergeant and corporal of the ...ial Air Service Regiment ... reached the summit of ...nt Everest.

... of Kuwait is paying more ... £1m. for Fairview, a ...onsfield, Bucks, house ...h has two swimming pools.

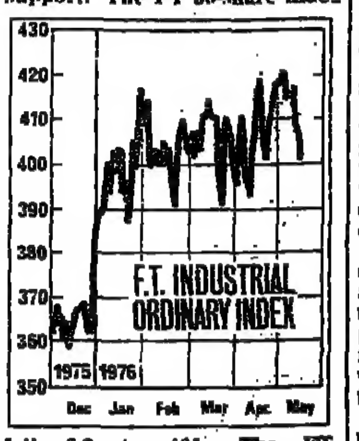
...ters of Victorian and ...ardian postcards have been ...ed to watch out for fakes ...uced in Hong Kong.

GENERAL

Gilts and equities drift lower

● GILTS were unsettled by the decline in sterling. Falls in shorts ranged to ½ and in mediums and longs to ⅞. The Government Securities index closed 0.18 down at 63.21, for a loss of 0.50 over the past four trading days.

● EQUITIES drifted lower on scattered selling and lack of support. The FT 30-share index



fell 6.2 to 401. The FT-Actuaries All-Share index closed 0.6 per cent. down at 166.58.

● GOLD closed unchanged at $127⅞.

● WALL STREET was 5.27 down at 987.33 near the close.

● RETAIL SALES volume rose 2½ per cent. between March and April. The impact of the Budget appears the main reason and the underlying improvement is more modest. Back Page

AUEW backing likely on pay

● AUEW is likely to endorse the proposed 4½ per cent. pay policy at a debate of its national committee to-day. Back Page. The Patternmakers' Association rejected the proposed policy yesterday due to concern over the erosion of differentials. Page 13

● POST OFFICE is thought to have made a profit of about £150m. on the telecommunications side, while its postal deficit is likely to be only £25m. Page 9

● AEROSPACE collaboration programmes are being considered in a series of London talks this week between Boeing and Pratt and Whitney of the U.S. and U.K. Ministers and industry representatives. Back Page

● FEDERAL CARTEL OFFICE is confident of support from the German Monopolies Commission in any appeal against its ban on the GKN-Sachs merger announced last Friday. Page 32

● COMECON member states' growth, at 7.8 per cent. annually, was faster than that of the Soviet Union, at 5.5 per cent., during the five-year plan period to 1975. Page 6

● AEI SCIENTIFIC Apparatus is planning to make 95 people redundant out of its Manchester-based workforce of nearly 600.

● LONRHO has bought 29.9 per cent. of London City and Westcliffe Properties to develop it into "one of the major property vehicles in the country." Lex

COMPANIES

● FRENCH KIER pre-tax loss for 1975 improved to £1.89m. (£2.93m.). There was a trading profit of £494,000 and the chairman forecasts a modest return to profit in 1976. Page 26 and Lex

● AKROYD AND SMITHERS first-half pre-tax profit rose to £6.39m. (£5.66m for the first 25 weeks of previous year). Chairman says profit outlook for second-half is "somewhat uncertain." Page 31 and Lex

● VOLVO GROUP pre-tax income for the first quarter was S.Kr.162m. (£20m.) compared with S.Kr.153m. (£19m.) in the last quarter of 1975. Adam Opel, the West German General Motors subsidiary, expects a return of production to 1973 levels this year. Page 32

...IEF PRICE CHANGES YESTERDAY

(...es in pence unless otherwise indicated)

RISES		
...no Soft Drinks ...	128	+ 8
...sh Leyland	35	+ 5
...have	52	+ 7
...s (F. G.)	87	+ 10
...ns (H.)	114	+ 6
...mark (L.)	110	+ 5
...ardson Westgarth	50	+ 3
... (H.)	14	+ 2
...op Inds.	101	+ 5
...	675	+ 10
...MO SCOT "Opts."	210	10
...l Transport ...	452	+ 10
...onsolidated Platinum	117	+ 5
...	55	+ 6
...ahon	230	+ 10
FALLS		
...s Lane Del	£100¼	− ¾
...oyd & Smithers	203	− 7
...alec	xd211	− 41
Fisons	390	− 7
Gold Fields Prop.	68	− 12
Gross Cash Registers	28	− 3½
Hawker Siddeley	xd456	− 9
Hong Kong Shanghai	322	− 16
Hulett's	160	− 15
Int. Pac. Secs.	152	− 8
Jardine Matheson	357	− 21
Lee Cooper	70	− 4
Newbridge Holdings	30	− 5
Snia Viscosa	128	− 12
Thorn Elect. 'A'	238	− 4
Tiger Oats	560	− 25
Tube Invs.	254	− 14
Watfall (H.)	145	− 7
Wolsley-Hughes	128	− 5
Siebens U.K.	145	− 15
Botswana RST	67	− 8
De Beers Dfd.	239	− 6
Joburg. Cons.	£18⅞	− ⅞
Union nCon.	340	− 15
West Rand Cons	265	− 20

Changes likely in North Sea oil licensing terms

BY RAY DAFTER, ENERGY CORRESPONDENT

Major changes in offshore exploration conditions are likely to be revealed soon when the Government announces plans for the next phase of North Sea oil search.

The Government is now finalising its draft proposals for the fifth round of licences before presenting them to the oil industry for comment within the next two or three weeks.

It seems likely that Whitehall will content itself with a relatively modest allocation in various sectors of the North Sea, Celtic Sea and Western Approaches. Although it is anxious to maintain exploration impetus and to prove more of the 4.5bn. tonnes of possible reserves around Britain's shores, the Government does not want to run the risk of a politically embarrassing rebuff from oil companies.

For its part the industry, concerned about the rising costs and risks of offshore oil exploration and development, is not pressing for an ambitious round of licences, particularly in view of the new set of conditions which is likely to emerge.

A consultative document, setting out the terms in general, will probably indicate a significant shift away from the past licence conditions.

For example, oil companies will be expected to accept from the outset the principle of State participation in commercial fields: as a result, the British National Oil Corporation will have a much more clearly-defined role.

Secondly, it is expected that companies will be asked to recognise the right of trade unions in off-shore activities, although the extent to which the Government will press for immediate unionisation is still unclear.

Thirdly, there may well be a change in the requirements for relinquishing unattractive licences. At present, the industry must relinquish at least half its licence areas after six years.

Some oil companies feel that the Government may insist on part of the new licence areas being returned in a shorter timespan although, if this proves to be the case, they are likely to call for greater flexibility. One suggestion put by an oil company executive yesterday is that the conditions should allow for the relinquishment periods to be staggered.

Conditions

Mr. Anthony Wedgwood Benn, the Energy Secretary, has already indicated that the fifth round licence conditions will also specify the Department's thinking on depletion policies—the speed with which companies will be allowed to exploit commercial finds. In addition, the terms will almost certainly refer to the industry's agreement to buy British goods and services whenever possible, provided that they are competitive.

It is expected that companies will be invited to apply for new exploration concessions in July or August. If so, applications will have to be submitted by September or October and licences should be awarded by the end of January, in time for drilling on the new concessions to be started next year.

This timetable has slipped back by at least six months on original Whitehall plans for various reasons. For instance, Mr. Wedgwood Benn was anxious to secure a number of participation agreements with those involved in existing licences.

Various statements by Ministers and Department officials have indicated that these participation agreements could be used as a negotiating ploy for the fifth round of allocations. It has even been stated that those that have not agreed participation in principle will be excluded from the fifth round.

In reality, the Government's approach is likely to be more flexible and conciliatory. It is more probable that companies will merely have to agree to discuss meaningfully the concept of retrospective participation. A tougher line would put Mr. Wedgwood Benn and the Energy Department in an invidious position. Two of the biggest and most successful North Sea exploration companies—Shell and Esso—have so far refused to accept the principle of participation. These are the type of companies wanted in future exploration work.

Ninian pipeline Page 10

New support for pound as IMF-U.K. talks start

BY ANTHONY HARRIS

AS OFFICIALS of the International Monetary Fund began their annual consultations with British economic Ministers and officials, the authorities were forced once more to intervene in the exchange markets to support the value of sterling, which fell to new lows both against a strong dollar and against the trade-weighted average of other currencies.

While selling was not reported to have been heavy by recent standards, the day's events underlined the small size of Britain's remaining foreign exchange reserves, and the discussions are believed to have included the conditions under which further IMF credits might be available later this year.

Such credits would entail a letter of intent, setting out a satisfactory outline of U.K. economic policy, and some degree of surveillance of performance by the Fund.

The U.K. reserves stood at about $4.9bn. at the end of April, but further resources of nearly $1.5bn. are available without condition. This sum includes the $700m. IMF credit already agreed, whose imminent drawing was announced with the April reserve figures: $400m. from Iran under an agreed loan scheme; and a further 315m. SDRs (about $340m.) available without condition from the Fund following the recent 45 per cent. increase in IMF quotas.

However, the adequacy of about $6.5bn. of potential reserves must be measured against the possibility of large capital outflows—some $2.5bn. were lost during March and April—and the official view that the U.K. current account deficit, recently running at an annual rate of only $600m.-$700m., is bound to widen again as the British economy begins to recover.

While recent export figures, which have suggested an annual volume growth rate of 9 per cent. or more, have led to a more optimistic assessment of the prospect, and the current account is no longer expected to present any very severe financing problem, the possible need for further official financing is evident. The Chancellor has committed himself only to the view that last year's improvement in the current account "will be maintained"—a somewhat ambiguous assessment, consistent either with an unchanged deficit or with a further improvement. The Treasury, hedging its bets, is not at this stage prepared to put a clear gloss on the phrase.

The potential dangers for sterling on the capital account were illustrated by the rumours which were circulating in the market yesterday morning, when the pound fell dramatically against a strong dollar to stand, for a short time, below $1.80 for the first time. Oil company switching, a large Swiss sale, and Nigerian attempts to bring pressure on the Government to repatriate Gen. Gowon were all blamed.

These rumours subsided later in the day, when it became clear that the strength of the dollar against all currencies was the main factor in the market, and that trade in sterling, while much brisker than last week, was far short of the hectic selling experienced in April. While the Bank of England was reported to have intervened, first at $1.80 and later to assist a developing recovery, there was also some commercial demand, especially after the opening of the New York market, so that sterling closed at $1.8045, about half a cent up from its low point. The trade-weighted depreciation widened to 37.9 per cent., down

Continued on back page
Editorial Comment Page 16

Italy worries Foreign Office

BY MALCOLM RUTHERFORD

COMMUNIST participation in an Italian Government might compel other NATO and EEC countries to reconsider not only the Italian role in NATO but also the European Community, the Foreign Office has concluded.

This view is likely to be reflected in Ministerial speeches and answers to questions in the run-up to the Italian General Election on June 20. There may also be an attempt to persuade other NATO and Community members to say much the same thing.

Although the Foreign Office paper on the subject does not go as far as Dr Henry Kissinger, the U.S. Secretary of State, who has said that the Communists' coming to power in Italy could mean the beginning of the U.S. withdrawal from Europe, it clearly shares his anxieties.

On membership of the EEC, it says there would be a serious question of how the application of Marxist principles could be compatible with Italy's obligations in the Community "and thus with the continuance of economic benefits."

That statement is tantamount to a threat that, at the very least, the economic benefits would be frozen at the current level, though no mechanism exists for putting such a threat into effect.

On membership of NATO the paper says there would be a serious question of how Italy could continue to contribute to a collective defence system if the Government contained people closely associated with the Soviet.

The possibility of the Communists' entering the Government is described as the most serious political threat the Atlantic Alliance faces at the moment.

The paper was drawn up for the benefit of Ministers who might wish to make speeches on the subject as the elections approached. It says that choosing an Italian Government is a matter for the Italians, but that it is hoped the voters will understand that their decision could have far-reaching consequences both for Italian society and for Italy's vital interests.

Mr. Anthony Crosland, the Foreign Secretary, will discuss the question with a number of NATO colleagues, including Dr. Kissinger, when he goes to Oslo for the NATO Foreign Ministers' meeting on May 20-21. But it is pointed out that it cannot be taken up in the full NATO Council because of the danger of being seen to interfere in Italy's internal affairs.

Talks on State industry planning

BY ADRIAN HAMILTON

THE Department of Industry yesterday said that it was starting detailed discussions with three nationalised industries—the National Coal Board, British Steel and British Airways—"with a view to concluding planning agreements."

The announcement, made in the Commons by Mr. Eric Varley, Industry Secretary, follows last month's statement that six companies in the private sector in the process plant and turbo-generation field and two car companies had agreed to start "substantive" discussions on planning agreements.

Although it is unlikely to change the generally cynical response which the Government's planning agreement proposals have so far been received by much of industry, yesterday's announcement indicates that the Government is still far from dropping the idea.

In this case the emphasis has been changed from a closer coordination of Government and corporate planning — which should exist in theory without planning agreements in the case of nationalised industries—to supplementing and strengthening the present systems for union participation in planning.

Stability

Added to this is the desire to bring greater commitment and stability at a time when relations between Government and nationalised industries are generally reckoned to have fallen to an all-time low and are now the subject of a special investigation by a committee set up by the National Economic Development Office.

There may be an element in yesterday's announcement of pre-emption of the NEDO Committee's report, which is believed to favour the creation of new strategic Boards to act between nationalised industry Boards and the civil service.

The emphasis, however, of planning agreements remains directed towards companies in the private sector. Talks with the companies revealed last month—including Babcock and Wilcox, Clarke Chapman, Head Wrightson, Whessoe, GEC, Reyrolle Parsons, British Leyland and Chrysler—are now being pursued in the hope of gaining some firm "agreements" later this summer.

At the same time, the Government is holding informal talks with other sectors including chemicals, food processing and engineering companies in the hope of agreeing to start detailed discussions as early as possible.

Leyland £14m profit despite output fall

BY KEVIN DONE, INDUSTRIAL STAFF

BRITISH LEYLAND yesterday announced a pre-tax profit of £14.2m. in the six months to March this year, compared with a loss of £19.8m. in the corresponding period of 1974-75.

The profitability of exports gained considerably from the decline in sterling. The company said that if currency profits arising from movements in exchange rates had been excluded, a break-even position would have been reported.

The improvement announced yesterday was described as "only the first short step on what will inevitably be a long road to recovery."

Of the total profit of £14.2m., £17m. is attributable to Truck and Bus products, £5m. to non-automotive products, and a loss of £8m. to cars and light commercial vehicles.

Yesterday's figures will now play a major part in discussions due to take place between the Government and the National Enterprise Board in June or July on the payment of the next tranche of the promised Government loan finance to the company.

In the Commons, Mr. Eric Varley, the Secretary for Industry, said that the amount and timing of any further sums of public money for BL were not yet decided.

The Government has first to consider the NEB's report on its review of BL's progress and future plans.

One of the most striking features of the report is the sharp improvement in the value of overseas sales—from £388m. to £503m.—while the value of U.K. sales rose only from £455m. to £463m. The value of direct exports amounted to £366m. during the half year, an increase of 34 per cent. over the same period of last year.

Volume

In volume terms, sales have continued a steady decline. In the half year to March, the company sold 380,000 units, compared with 420,000 in the same period of last year and 496,000 in the corresponding period of 1973-74.

But direct exports from the U.K. did reflect higher unit sales amounting to £366m. during the half year, which was an increase of 34 per cent. in value over the same period last year.

In the U.K. the total market for passenger cars, light commercial vehicles and trucks was below that for the same period last year. BL's share of that market declined for cars from 32 per cent. to 27 per cent. and was virtually unchanged for trucks.

BL's profit after tax for the first half of this financial year was £5.9m. in contrast to an after tax loss of £13.1m in the corresponding period last year.

The decline in BL's market share was due to inadequate production particularly during October and November last year, says the company. But BL maintains that the levels of consistent production reached in January and February prove the potential viability of the car division.

The average number of employees in the U.K. during the period was 153,000, 10 per cent. less than in the corresponding period last year. The current total is about 155,000, the result of some recent recruiting particularly in the truck and bus

Details Page 30
Lex back page

division. The major reduction in the workforce was recorded before the start of the present financial year. At the end of September, 1975, the total stood at 154,423.

Mr. Alex Park, BL chief executive, steered a careful course yesterday between praising incipient achievement and recognising that any signs of recovery are still precariously based.

And Sir Richard Dobson, the BL chairman, said: "We have achieved a lot of objectives we set out to achieve, but the thought of selling £900m. worth of goods and breaking even is fairly frightening. You cannot possibly say the company is home and dry on a performance like that."

There was a reduction of two thirds in the man hours lost due to disputes compared with the same period last year, but BL said: "The cars group in particular is always exposed to disproportionately damaging losses in production caused by stoppages of work by a small number of employees."

The effects of recent strikes at BL will continue to be felt for several months, said Mr. Park, but production is picking up again. It is now back to an output of 17,500 a week compared with 14,500 in January and, by the end of September, BL is looking to increase that total to 22,000 per week.

Only sustained periods of consistent production will persuade the company that the freeze on capital expenditure in the car division can be ended. But it is convinced that the performance in February proved the potential long-term commercial viability of car production.

Mr. Park said that the company's full year results should be even better than those for the first six months. "If we can make the cars and get consistent production, we know there is a market."

For latest Share Index phone 01-246 8026

LOMBARD

The truth about industry's voice

BY C. GORDON TETHER

SIR RALPH BATEMAN, retiring President of the Confederation of British Industry, injected a much-needed note of realism into the debate on the alleged failure of our industrial leaders to play an appropriate part in influencing the shaping of national policy when he drew attention to his own organisation's signal achievements in this field in a letter to The Times.

In relation to some issues of great politico-economic significance, the voice of the business community has been very loud, indeed. And it has to be assumed that, if in other cases it prefers to work behind the scenes, this is because it is persuaded that it is more likely to get things going its way by adopting this procedure than by encouraging public discussion.

"It would take a gifted Palaeontologist to discover when last the CBI significantly influenced Government policy," said a recent national newspaper editorial in the course of applauding Mr. Geoffrey Rippon's contention that industrial leaders were letting the side down by not actively participating in the attack on the Government's economic policies. How short can memories be! For, Sir Ralph Bateman is assuredly not over-stating his case when he claims that the fact that Britain is to-day a member of the European Economic Community is "very largely due to the efforts made by the CBI and its members."

Decisive

The Heath Government relied heavily on the CBI's assessment of the economic consequences of British membership—what is considered to be good for industry must surely be good for the country as a whole—in asking the House of Commons to vote in favour of the idea. And when the great referendum battle was joined at this time last year, the industrial leadership identified itself fully and very vocally indeed with the pro-Market side.

Thus it contributed a sizeable part of the money that put pro-Marketeers at an immense advantage over their adversaries in the fight for public opinion. And the heads of many companies—large and small—used their influence with the public at large and more particularly with their own workers to secure the vote they wanted, notably by issuing "warnings" about the baleful implications a British decision to leave the Community might have for unemployment here.

There are, of course, some who will maintain that the hot gospelling of the business community about the need for Britain's Europeanisation was misguided and, indeed, that what has happened since has served to confirm this. But that its intervention was forthright, skilful, well-organised and effective to the point of being decisive is something that can hardly be seriously disputed. And it would obviously be difficult to think of a national debate of greater consequence for both the economic and the political future of the British people than that over entry into the EEC.

There are other issues—some of them listed by Sir Ralph Bateman—wherein a far from silent business leadership has made its mark on the evolution of Government policies — including those of Labour administrations — in no uncertain manner. And it would be quite wrong to presume that a tendency to hold back in public on some of the other major issues of our time necessarily means that it is being—to use Mr. Rippon's words—too timid, too selfish or too idle to get involved.

It seems to be taken for granted that, when business leaders engage in "half-cosy, behind-the-scenes co-operation" with Whitehall—Mr. Rippon's words—they are doing so because they prefer not to expose to view the fact that they are too concerned with looking after their own selfish interests to be willing to do their public duty.

City lobby

An alternative explanation is that they believe that they can promote their side's interests far more effectively by operating in this fashion. And the considerable influence they have exerted in relation to national issues that have never been anything like adequately ventilated in public shows that it is a proposition that cannot be lightly dismissed.

The success that the City lobby has had in persuading successive British Governments to make the promotion of London's role as an *international* banking centre a top priority in the formulation of the country's external payments policy is very much a case in point. For the business interests involved here have got their way with a minimum of public discussion. Thus, no serious cost-benefit examination of this highly controversial issue has ever taken place although—as we are once again being reminded—it is of monumental importance for the country's economic and political well-being.

In short, any debate on how far the country's industrial and commercial leadership is under an obligation to do battle for private enterprise, has to start by recognising that it is already working hard in this cause—even though this may not always be readily apparent to the uninitiated. The discussion can then proceed to tackle much more meaningfully such fascinating questions as whether, in a modern context, the business system should see right wing parties as its "natural allies."

RACING BY DOMINIC WIGAN

Rose Bowl should bloom

WITH HER stable companion, Genesis, in the line-up to ensure a good pace from the outset, *Rose Bowl* ought to have few problems in this afternoon's 1¼-mile Clive Graham Stakes at Goodwood.

Fulke Johnson Houghton's remarkable Habitat filly, who ended her campaign last year by comfortably disposing of a top class field including Allez France and Star Appeal in the Champion Stakes at Newmarket, showed that she has lost none of her ability or enthusiasm over the close season when taking fourth place in the Prix Ganay recently.

Hampered by weakening rivals while trying to come through with her challenge just over a quarter of a mile from home in that £44,000 Longchamp event, Rose Bowl failed to get under full steam until inside the final furlong.

Finishing fastest of all, she failed by a matter of inches to take third prize from Ivanjica, *who in turn* was beaten by only a short head and a neck by the winner, Infra Green, and Kasteel.

Rose Bowl, who is certain to have derived considerable benefit from her run in the Prix Ganay, will be ideally suited by to-day's trip. Although she would probably prefer more give in the ground, I cannot see the going preventing her from justifying favouritism.

GOODWOOD
2.00—Burleigh
2.30—Sahib's Daughter
3.00—True Prince*
3.30—Rose Bowl**
4.00—Royal Fanfare
4.30—Ribo Pride

PONTEFRACT
2.45—Laser Lady
3.45—Oriental Star***
5.15—Nenita

WOLVERHAMPTON
2.00—Good Try
3.00—Forgotten Dreams
3.30—Blakewood
4.30—Bagshot

Sir Charles Clore's attractive Pretense colt, Anne's Pretender, who led last year's Derby field until being collared by Grundy little more than a furlong from home, looks set to follow Mrs. Jane Engelhard's filly home.

On his only appearance to date this season the locally trained Anne's Pretender showed up well before tiring in the closing stages of Sandown's Westbury Stakes, in which he finished fourth behind Jolly Good, Dominion and Record Run.

Michael Stoute, whose Beech Hurst Newmarket stable enjoyed a change of fortune when Beau Dutch obliged at Newbury on Saturday, sends *Oriental Star* up to Pontefract for the Garforth Handicap. With only 8 stone 6 lbs. in the saddle, Edward Hide's mount should not be missed.

An easy winner at Lanark last term, this lengthy daughter of Falcon finished well after a slow start when seventh behind Private Line in Kempton's competitive Queen Elizabeth Handicap recently.

A second likely winner for Hide, who is keeping in touch with the leaders, Pat Eddery and Willie Carson in the jockey's championship, is the well thought of newcomer, *Nenita*, among the runners for the closing event, the Stanley Maiden Fillies' Stakes.

SALEROOM BY PAMELA JUDGE

Big game trophies bag £6,707

BIG GAME TROPHIES shot by the late Lt.-Col. Sir Philip Lee Brocklehurst in places as different as the Antartic and India made £6,707 when the remaining contents of Swythamley Hall, near Macclesfield, Cheshire, were sold by Christie's South Kensington, yesterday. The contents fetched £62,538.

A pair of elephant tusks made £1,900, a giraffe head £400 and a white rhinoceros horn *£150*.

An early 19th-century velocipede was sold for £400, while an oak table (estimated to fetch £1,500) went for £3,000.

In a sale of English pottery and Wedgwood at Christie's in London, the total was £29,640. A rare Staffordshire saltglaze figure of a hawk fetched £4,200. It had been brought to the action house by an "anonymous lady" who had no idea of the rarity or value.

Also Staffordshire, a rare saltglaze group of lovers sold to Jellinek and Sampson for £2,600. A Lambeth Delft drug jar went to Allbrook for £1,300.

At *Phillips'*, a sale of English and Continental watches realised £34,028. Evans paid £3,000 for a lever watch by Barraud and Lunds, and Davis bought a Swiss enamelled gold quarter repeating verge watch (1790) for £3,000. a Georgian gold watch and chatelaine was sold to Graus for £2,900.

In a sale of furniture by Phillips', a set of six giltwood fauteuils in the Louis XVI style was sold to Sachin for £600. A sale of oil paintings made £19,220.

Collectors of Victorian and Edwardian postcards were warned yesterday that fakes were being made in Hong Kong. The *warning came from* Mrs. Valerie Monahan, who runs the Postcard Collectors Centre at Ludlow, Salop. The detail included bossing and gilding and buyers should look even more closely at cards they were offered.

Wool consumption shows rise

WOOL CONSUMPTION by the U.K. wool textile industry rose in March to a 21-month high of 11.78m. kg., the highest monthly level since June, 1974.

The wool industry bureau of statistics said yesterday that the latest total was up from 9.91m. kg. in February and 10.29m. kg. in January. The first quarter aggregate was 14 per cent. up from the 1975 figure.

First quarter wool and hair tops production was 23 per cent. up from a year earlier at 13.75m. kg. Total yarn deliveries in the quarter were 18.23m. kg., up by 1.3 per cent.

However, woven fabric deliveries in the first quarter were 9 per cent. down from a year earlier at 35.02m. square metres, while blanket deliveries were 14 per cent. down at 6.56m. square metres, the bureau said.

First quarter consumption of man-made fibres by the wool textile industry dropped 7 per cent. from a year earlier to 22.16m. kg.

Fifty jobs hit

ABOUT 50 of the 200 workers at the Teesside textile factory of Patons and Baldwins will lose their jobs next month because of a recession in the industry.

WINE

Too soon to judge the '75 clarets

BY EDMUND PENNING-ROWSELL

IT IS HARDLY surprising that the Bordelais have not been slow to publicise the fine quality of their 1975 vintage; and a good deal of not altogether justified emphasis has been placed on "the small crop," though, as mentioned in a previous article, it is actually larger than the '64 and '66 red bordeaux vintages, never regarded as below average. The basis of the implication almost of "shortage," is the fact that it was smaller than the '74 harvest, second only in post-war years to the record '73 and even larger than the prolific '70. If last year many châteaux made a third or less wine than normal, the norm has been pushed up recently, not least owing to additional planting. So there will be plenty of wine, including fine wine, to go round.

However, in view of the problems of over-pricing and surplus stocks that Bordeaux has been enduring for the past three years, with the arrival of the first vintage since '71 that anyone is likely to buy with full confidence, it is not to be wondered at that the drum is being beaten rather hard, if perhaps a little too loudly just yet.

Record obscured

In Bordeaux it is the weather basically that determines the quality of a vintage, so before the record is obscured by such euphoric statements as that in '75 we have "another '61." it is worth recalling the facts. After a mild winter, spring frost affected the early-budding Merlot grape, thereby contributing to a reduced crop. Also, as the Merlot produces a soft, relatively non-tannic wine compared with the more austere Cabernet-Sauvignon, the Médocs in particular might turn out on the hard side and take a long time to come round, though to some extent this can be corrected at the *assemblage*, when each proprietor make the blend to be sold under his own label.

Then after a successful vine flowering the summer was hot, but there was a good deal of rain in the vital months of August and September: 216mm.—the largest rainfall in a good vintage for at least 25 years. (For comparison with the leading years of '61, '66 and '70, the totals then were a mere 36.1 mm., 75mm. and 74.6mm. respectively.)

Fortunately the September rain was over before the vintage started on 22nd, though most of the more important estates began serious picking a week later, in brilliant weather that lasted throughout the vintage. From the beginning the wines had exceptionally deep colour, always a good sign in terms of expectation of life.

About the quality, however, it is too early to make any accurate predictions. (Who knows yet how well the much-publicised '70s are going to turn out?) So let us eschew any comparisons with '61, let alone those evocative years of '45 and '29. It is worth noting that Mr. Peter Sichel of Bordeaux in his latest vintage and market report is properly cautious. "It is the type of year," he wrote, "that makes red Bordeaux the most difficult wine to judge when young. Almost certainly, some very good wines have been made, though it would be extraordinary if, with the high rainfall of August and September, they will reach the standards of being great"—which he then identifies as '28, '29, '45 and '61.

Not to be forgotten also is the average age of the vines in any vineyard. By 1961 not much re-planting had been done in the not very profitable post-war period; but in recent years many well-known estates have been extended as well as re-planted.

This note of caution is necessary, for a good deal of pressure has been building up from Bordeaux, with stories of first *tranches* (usually about half a château's disposable stock) being sold out, Continental buyers hammering at cellar doors, and prices already rising. Yet such is the uncertain state of the market that some notable growths have not even announced their opening prices, though doubtless they are only too glad to sell at the side door.

What is equally certain is that the couple of hundred or so châteaux at classed-growth level have always depended largely on the export market, and above all recently on the U.S. and U.K., and there is no reason to believe that this has changed essentially. It is very doubtful whether the American importers, still sucking their fingers burnt in the 1971-73 speculation boom, are yet disposed to buy early in any quantity: and it is highly unlikely that the British trade, short of cash after two hard years, are in a position to buy considerably for stock. Though no doubt they will be glad to act as brokers on prompt payment for those who would like a few *tonneaux*.

None of this is to decry the '75 clarets, and recently in London three very interesting trade tastings have been held. First by de Luze in conjunction with their agents, Findlaters, then the young firm of Monson and Sallé in association with the new consumers' mon[thly] *Decanter Magazine*, and [...] by the enterprising La[urence] Hayward.

At the de Luze tasting it [was] significant that only two of nine classed-category [wines] were priced. The minor [...] seemed very promising, [...] in colour but, understan[dably] often hard and tannic. A[mong] the classed-growths my fa[vour]ite was Léoville-Las-Cases [a] wine with big colour, [...] Médoc nose and good [...] while the Lynch-Bages [...] plenty of flavour. Cheval[...] less purple, was forward, attractive, while Haut[...] with good colour and aroma, had plenty behind [...]

At the smaller Monson Sallé tasting Beych[evelle] appeared to show best: [...] tinted, and with plenty of [...] on nose and palate. Lynch[-Bages] was sweeter here, though [...] flavoury. (All the wines [men]tioned here were, of course, samples, likely to vary).

Laurence Hayward showed exceptionally interesting ran[ge of] ten wines, from Coufran, a *bourgeois* Haut-Medoc [with] plenty of colour and fruit, [to] d'Estournel, a wine dee[p in] colour, aroma and flavour [...] less tough than St. Estèphes [often] are. Lynch-Bages seemed on [bet]ter form here, rich as it oft[en is] even at the expense of di[stinc]tion. My own favourite: Grand-Puy-Lacoste, a very [well] balanced claret. The genera[l im]pression here, as at the other tastings, was that the [...] showed a good deal of pro[mise] but few were prepared to [make] comparisons with other [...] The general run of trade [...] for the classed growths su[...] opening retail prices of abo[ut ...] a bottle; *crus bourgeois* [...] start at £2.50 upwards.

Cautious buying

For the private amateur [col]lector "who has got everyth[ing]" in his cellar there may be a [case] for a little cautious buying of the better 1975s—and [the] tastings showed that not all wines were good by any m[eans]. For the pound may contin[ue to] fall; but so may the franc. [...] bought, these 1975s should be [for] drinking not for speculation; surely that lesson has not been forgotten.

For everyone else, howe[ver,] there is still much better [value] to be found among the 1970s [and] 1971s. They cost no more; [...] much, have that much valu[able] maturity, and at this stage [can] be assessed with more confide[nce] than wines that will not even [be] in bottle for a year to 18 mon[ths]. Until then most consumers [can] afford to wait and, after all, 1976s might be better still.

TV/Radio

† Indicates programme in black and white

BBC 1

7.05-7.55 a.m. Open University (UHF only). 9.38 For Schools, Colleges. 12.45 p.m. Mid-day News. 1.00 Pebble Mill. 1.45 Rubovia. 2.00 You and Me. †2.15 For Schools, Colleges. 3.25 Eira Ddoe: The 1926 Strike, part 2. 3.58 Regional News (except London). 4.00 Play School. 4.25 Dorothy and the Singer. 4.30 Jackanory. 4.45 Animal Magic. 5.15 Rentaghost. 5.40 Paddington.

5.45 News
6.00 Nationwide
6.55 Circus
7.20 The Olympiad
8.10 Angels
9.00 News
9.25 I Didn't Know You Cared
9.55 West in Africa
10.45 To-Night
11.20 The Craft of the Potter
11.45 Weather/Regional News

All Regions as BBC—1 except at the following times:

WALES — 2.40-3.00 p.m. For Schools: Ffenestri. 6.00-6.55 Wales To-day. 6.55-7.20 Heddiw. 11.45 News and Weather for Wales.

SCOTLAND — 6.00-6.55 p.m. Reporting Scotland. 11.45 News Summary and Weather for Scotland.

NORTHERN IRELAND — 3.58-4.00 p.m. Northern Ireland News. 6.00-6.55 Scene Around Six. 11.45 News Headlines and Weather for Northern Ireland.

ENGLAND—6.00-6.55 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham): Look East (from Norwich); Points West (from Bristol): South To-day (from Southampton): Spotlight South West (from Plymouth).

BBC 2

6.40-7.55 a.m. Open University
11.00 Play School
11.25-11.50 Open University
2.30 p.m. Peter Donaldson's Illustrated Economics
5.00 Open University
7.05 Middle East
7.20 Weather
7.30 Newsday
7.45 The Book Programme
8.10 America
†9.00 Tuesday Cinema: "Letter from an Unknown Woman" starring Joan Fontaine
10.25 The Old Grey Whistle Test
11.05 Newsnight
11.25-11.30 Closedown: Leslie Sands reads "A Young Birch" by Robert Frost

LONDON

9.30 a.m. Schools Programmes. 12.00 Paperplay. 12.10 p.m. Rainbow. 12.30 Treasures in Store. 1.00 First Report: News, FT Index. 1.20 Lunchtime To-day. 1.30 Emmerdale Farm. 2.00 Good Afternoon. 2.30 Disappearing World. 3.25 Personal View. 3.55 General Hospital. 4.25 Arrows. 4.50 Lookout. 5.20 Nanny and the Professor.

5.50 News from ITN
6.00 To-day
6.35 Crossroads
7.00 Husband of the Year 1976
7.30 The Tommy Cooper Hour
8.30 Time and Time Again
10.00 News
10.30 Whicker's World — Down Under
11.30 Drive-In
†12.00 Judy Garland Sings

All ITV Regions as London except at the following times:

ANGLIA

1.25 p.m. Anglia News. 2.00 Houseparty. 3.30 Candid Camera Classics. 5.20 The Flintstones. 6.00 About Anglia. 12.00 Anthology.

ATV MIDLANDS

1.20 p.m. ATV Newsdesk. 3.25 Wait Till Your Father Gets Home. 5.20 Spiderman. 6.00 ATV Today. 11.30 Angling Today.

BORDER

†1.20 p.m. Border News. 2.00 Houseparty. 3.25 Here Comes the Future. 5.20 Sky. 6.00 Border News and Lookaround. †12.00 Border News Summary.

CHANNEL

1.18 p.m. Channel Lunchtime News and What's On Where. 3.25 The Adventurer. 5.20 Wait Till Your Father Gets Home. 6.00 Report at Six. 7.00 Treasure Hunt. 11.30 Commentaires et Previsions Meteorologiques.

GRAMPIAN

1.20 p.m. Grampian News Headlines. 5.20 Chopper One. 6.00 Grampian Today. 6.10 The Flintstones. 12.00 Evening Prayers.

GRANADA

1.20 p.m. This is Your Right. †3.25 Douglas Fairbanks Presents. †5.15 Stamp Stories. 5.20 Crossroads. 6.00 Granada Reports. 6.30 The Adventurer. 11.30 The Collaborators.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 3.25 Wait Till Your Father Gets Home. 5.20 Daily Fable. 5.25 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 The Great Little Trains of Wales.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.25-4.50 Fyny Fan'na. 6.00-6.20 Y Dydd. 10.30 Pictorium. 11.15 O'r Wasg. 11.30 World in Action.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.00-6.30 Report West.

SCOTTISH

†1.25 p.m. Road and Weather Report. 5.20 Piper and His Friends. 5.25 Crossroads. 6.00 Scotland Today. 6.30 Alasdair. 11.30 Late Call. 11.35 The Odd Couple.

SOUTHERN

1.20 p.m. Southern News. 2.00 Houseparty. 3.30 Wait Till Your Father Gets Home. 5.20 Pests for Guests. 5.25 Crossroads. 6.00 Day by Day. 6.30 Tell Me Another. 12.00 Southern News Extra.

TYNE TEES

9.25 a.m. Starting Point. 1.20 p.m. Lunchtime News and Lookaround. 1.30 The Doris Day Show. 3.30 Galloping Gourmet. 5.20 Emmerdale Farm. 6.00 Today at Six. 11.30 Epilogue.

ULSTER

1.20 p.m. Ulster News Headlines followed by Lunchtime. 2.00 Houseparty. 3.25 The Ghost and Mrs. Muir. 4.23 Ulster News Headlines. 5.20 Sky. 6.00 UTV Reports. 11.30 UTV Profile.

WESTWARD

12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 3.25 The Adventurer. 5.20 The Amazing Chan and the Chan Clan. 6.00 Westward Diary. 7.00 Treasure Hunt. 11.30 Westward Late News. 11.35 Faith For Life.

YORKSHIRE

1.20 p.m. Calendar News. 1.30 Three Little Words. 3.25 Calendar People. 5.20 Emmerdale Farm. 6.00 Calendar. 11.30 Oscar Peterson Presents—Zoot Sims, Al Grey and Dizzy Gillespie.

RADIO 1 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmunds. 9.00 *Tony Blackburn*. 12.00 Johnnie Walker including 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) (also on VHF). 4.30 Paul Burnett. 5.45 Newsbeat. 6.02 John Dunn (S) (joins Radio 2) (7.30-9.30 as VHF). 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Colin Berry (S) including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including 8.27 Racing Bulletin. 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.50 p.m. Sports Desk. 1.55 Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1, but including on 1500m only (also 202m Scotland). 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Beat the Record. 7.30 Sports Desk. 7.33 Robin Richmond The Organist Entertains (S). 8.02 Ian Carmichael's Music Night (S). 9.02 Among Your Souvenirs (S). 10.02 Sports Desk. 10.05 The American Showmen (S). 11.02 Michael Meech with The Late Show (1500m. only, also 202m. Scotland). VHF joins Radio 1. 12.00-12.05 a.m. News.

RADIO 3 464m, Stereo & VHF

† Medium Wave only

7.00 a.m. News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Elgar (S). 9.55 Academy of the BBC (S). 10.50 Unaccompanied Bach played on a baroque violin (S). 12.00 BBC Northern Symphony Orchestra, part 1: Britten, Mozart (S). 1.00 p.m. News. 1.05 The Arts Worldwide. 1.20 Concert, part 2: Dvorak (S). 2.05 Music in Our Time (S). 2.45 *Music for Hamlet* (S). 4.10 Brahms choral works for women's voices (S). 4.55 Jazz To-day (S). 5.25 Music for Children (S). †5.45 Homeward Bound. †6.05 News. †6.10 Homeward Bound (cont.). †6.30 Lifelines: Work and Training. 7.30 "A Midsummer Night's Dream," opera in three acts by Benjamin Britten, Act 1 (S). 8.20 Music on the Air. 8.45 "A Midsummer Night's Dream", Act 2 (S). 9.35 The Little Time-Keeper. 10.00 "A Midsummer Night's Dream," Act 3 (S). 11.05 Mozart (S). 11.25-11.30 News.

Radio 3 VHF only—6.00-7.00 a.m. and 5.45-7.30 p.m. Open University.

RADIO 4

434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the Day. 6.45 Today. 7.00 News and more of Today including 7.25 VHF Regional News. 7.45 Thought for the Day. 8.00 News and more of Today including 8.25 VHF Regional News. 8.45 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call (2 from 9.20). †10.00 News. †10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. †11.00 News. †11.05 Down Your Way. †11.45 John Ebdon with the BBC Sound Archives. 12.00 News. 12.02 p.m. You and Yours. 12.27 Dad's Army. †12.55 Weather, programme news VHF (except London and SE) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour (from 2.00) including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.05 Les Miserables. 4.00 News. 4.05 Gardeners' Question Time. 4.35 Story Time. 5.00 PM Reports. †5.50 Financial Report. VHF Regional News. 5.55 Weather; programme news. 6.00 News. 6.15 My Music (S). 6.45 The Archers. 7.00 News. 7.05 The World in Focus. 7.30 Patti Hearst—Rebel or Victim? 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book at Bedtime. 11.00 The Financial World Tonight. 11.15 Today in Parliament. 11.30 News.

For Schools (VHF only) 9.20 a.m.-12.00 and 2.00-3.00 p.m.

BBC Radio London

206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 David Simmons with Rush Hour. 9.00 Susie Barnes with London Live. 11.03 In Town. 12.03 p.m. Keith Yeoman's Call In including 12.45 London News Desk. 2.03 Paul Owens with 206 Showcase. 4.03 Matter of Fact. 4.32 Tony Fish with Home Run including 5.00 and 6.00 London News Desk. 7.00 In Town. 8.00 Weekly Echo. 8.30 All That Jazz. 10.03 Robbie Vincent's Late Night London. 12.00-12.05 a.m. As Radio 2.

London Broadcasting

261m and 97.3 VHF

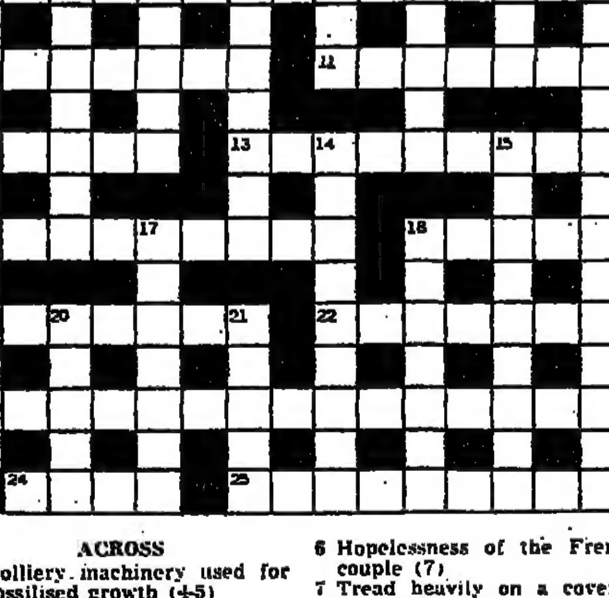
5.00 a.m. Morning Music. 6.00 "AM"—breakfast-time show. 10.00 Brian Hayes—talking to London. 1.00 p.m. Newswatch. 5.00 Newsbreak. 7.30 Music in Stereo. 9.00 Nightline. 1.00-4.30 a.m. Nightwatch—news every half hour.

Capital Radio

194m and 95.8 VHF

6.00 a.m. Graham Dene: The Breakfast Show. 9.00 Michael Aspel. 12.00 Dave Cash Cash on Delivery. 3.00 p.m. Roger Scott. 7.00 Jane Walmsley and Bryan Wolfe: London Today. 7.30 Adrian Love: Open Line. 9.00 Nicky Horne: Your Mother Wouldn't Like It. 11.00 The Late Show. 2.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 3,082



ACROSS

1 Colliery machinery used for fossilised growth (4-5)
6 Bird meaning love (4)
9 Girl put under trade-union ban before authorisation, is valuable to philatelist (5-5, 5)
10 Leavens mixture to subjugate (7)
11 Skip briskly for one who skimps his work (7)
12 Lively bachelor takes a chance (5)
13 Putting in a newspaper advertisement (9)
16 Throwing vertically and deciding an issue (7, 2)
18 A politician left half, but it's sufficient (5)
19 A colour's mixed without love but is related to it (7)
22 Lubricate 11 in Scotland for a source of light (3-4)
23 Each one, present and past, irregularly repeated (5, 3, 3, 4)
24 Commotion in prison (4)
25 A bakery? Naturally! (5-4)

DOWN

1 Financially sound, as a good pan should be (6, 8)
2 Cat song is terrible for the faithless (9)
3 Settle a debt and retaliate (3, 4)
4 Everybody viewing? No, viewing everybody (3, 6)
5 Insects found on mattresses (5)
6 Hopelessness of the French couple (7)
7 Tread heavily on a covered heap (5)
8 Put one's hands in one's pocket and give freely (5, 2, 7)
14 A ship gone astray piping liquid (9)
15 Accuser is a little devil going to teacher without head (9)
17 One who inserts in stratum (7)
18 Led dual arrangement and made passing reference (7)
20 Caught going to left and split (5)
21 Right honourable order to bachelor, a common figure but not a square (5)

SOLUTION TO PUZZLE No. 3,081

CINEMAS ARE CONTINUED ON PAGE 13

tter from Prato

No Man's Land

by WILLIAM WEAVER

'or must visitors to Italy the of Prato is simply the stop re Florence, if you're coming n the North. Few visitors r get off at that stop. The ie may also be familiar to irers of the writer Iris Origo, ise biography *The Merchant Prato* detailed the charac- stic life of Marco Datini, a rteenth century merchant. I in the twentieth century to is a merchants' town, a rishing centre of the cloth le, called—not always in tery—" il Manchester della cana." The neighbouring rentines are especially in- ied to turn up their noses at Pratesi, whom they consider terialists, alien to the higher ngs.

ut this snobbishness is wrong. course. The local merchants e always been prepared to nd their earnings on the arts. *I the splendid Duomo stands* witness to their taste. There other monuments, too, which ke a visit to Prato rewarding. d, as I realised when I went re recently, the city has a operly serious attitude towards d. There are several starred taurants, but it would be d to surpass the splendid "Da nin" in Piazza Mercatale. Its ciality is fish, and the anti- ile or the risotto-mare is an al way to begin a dinner and evening.

ly evening continued, less pily, with the Italian imiere of Pinter's *No Man's* nd at the Teatro Metastasio. is handsome, capacious theatre s built in 1838, and was taste- ly restored a few years ago. ice this restoration it has come a lively focus of musical d *dramatic activities. It spon-* s festivals of various sorts. d is often used by the stellar mpanies — including Milan's colo Teatro—as a kind of test- g ground for new productions. A logical place, then, for *omolo Valli and Giorgio De* illo to try out their adven- rous essay into the world of nter. That, really, is not a rld for Italians. It is no accident that the Italian language lacks a word for "understate- ment." *At its best, Italian acting* can be grand, romantic, larger- than-life. But it is seldom nuanced. Italian performers are not good at throwing away lines. Try to imagine Noël Coward in Italian. The mind boggles.

Well, Pinter in Italian is equally mind-boggling. It is not a question of the translation *(done by several hands, in this* case, including Romolo Valli himself). The words were all there. Naturally, the references to Eliot went past most of the audience. It was the tone that was wrong. De Lullo—who pro- *duced*—has a tendency to under- line things anyway. His appear- ance, as Spooner, at the curtain's rise, was typical: in an eerie spotlight, haloed with cigarette smoke, standing in the metallic doorway (of a lift?) as if he *had stepped from a spacecraft.* Pinter's text is, of course, dotted with the words "pause" and "*silence*": De Lullo added quite a few more pauses on his own. So the play seemed interminable, and tension was constantly drained.

As Hirst, Valli can be said to give a performance, however inapposite. For some reason he decided to use his Malade *imaginaire voice*: hoarse, froggy. He tended to bellow lines, and his drunkenness — staggeringly advanced at the curtain's rise— was stagily unreal. The smaller *roles were played by Antonio* Meschini (an anonymous Briggs) and Mauro Avogadro (a drearily monotonous Foster). Pier Luigi Pizzi designed a set that was certainly a no man's land, but certainly not what Pinter calls *for*: "*a large room in a house* in North West London." The set, in other words, added another abstraction, a further mystery to an already abstract and mysterious text. Valli, De Lullo, and Pizzi are long-experienced men of the theatre. Nothing they do is ever shoddy or cheap. But, this time, they have missed the boat, and *(except for my dinner)* I spent a very dull evening.

Walker Art Gallery, Liverpool

John Moores Liverpool Exhibition 10

by WILLIAM PACKER

The John Moores Prize Exhi- bition has been with us now for nearly 20 years, coming round every other year or so with not exactly monotonous regularity, for it always excites some con- troversy in our small Art vil- lage. It was instituted to fill a notable gap, and immediately became something of a full-scale Institution. How on earth had we got on without it? Artists valued at once the new oppor- tunity to range themselves com- petitively against their peers, and in a way impossible else- where: and the Provinces savoured the implied rebuke to London. All this still holds true, though things are perhaps *less desperate now than in the* mid-fifties. And besides, the prizes were always worth the winning: even to-day the victor ludorum has £4,000 tucked in amongst the bay leaves, whilst a further £6,000 are reserved to console the field. Small wonder, then, that a healthy number of artists continue to defy the odds, *this year about 25:1, against* selection, let alone triumph.

But here a note of disquiet must be admitted. With the best and bravest committed to the race, we might at least expect some stimulation from the spec- *tacle, if not actual excitement*: yet the experience again proves oddly flat and safe, and above all predictable. Prejudice is expec- tation that only the cynic is happy to see confirmed: what it is about the Moores that is so prejudicial?

Perhaps it is its institutional nature that now works against *it, with artists sending in their* work out of professional duty rather than ambition and enthusiasm, and trusting reputa- tion to see them through in place of their best work. The suspicion is not entirely dispelled by reading through the list of past successes, which reveals no surprises, as luminaries of the modern establishment take their turn in the queue. Open the competition may be, but it seems not unprotected. The suggestion is no of dirty-work, but rather of safe play and negative com- promise by successive juries.

This year John Walker takes the major prize for his painting, "Juggernaut with Plume—for P. Neruda," one of a series that has engaged him for some time. It is an abstract composition and very large, a canvas collage with the thick paint applied roughly and unceremoniously. It is an impressive piece, as indeed are its fellows, as much for its physical size and presence, an automatic bonus, as for its aesthetic power: a sound ortho- dox academic work by an estab- lished and justifiably respected *artist, but by no means outstand-* ing, even in its present company. Howard Hodgkin is the runner- up, another excellent painter showing a typical work. He has been noticed a great deal lately, with his touring retrospective show now at the Serpentine: and here receives some consolation for his surprising omission from the British Council's huge ex- hibition in Milan. But, if these two are safe, they are also un- exceptionable choices, for there is no general question of their merit.

The minor prizes, however, are another matter, the winners far less easy to accept, for, with but one exception, their works are *positively undistinguished*, neither bad nor worthless, but pedestrian. Wherever prizes are given they must become an

Stephen Farthing: Louis XV Rigaud (acrylic and casein)

issue; and where, as in this case, the best are overlooked for the *moderate, who might just as well* be chosen by lot, one is bound to wonder why. And then there are the positively bad paintings, not a great many but enough to notice, unworthy of an exhibi- tion that claims to take only the best, and carries in consequence considerable prestige. Can all those that were rejected have been even worse?

As it is, seventy-nine artists exhibit a work apiece, and the general impression they give is of competence and worthiness. Together they embrace all the currently fashionable pre- occupations, *often with evident* intelligence and much finesse. En masse, unfortunately, such honest worth is unexciting, and even begins to drain itself col- lectively of what vitality it does possess, and we turn to eccen- tricity and energy, no matter how meretricious, with relief. The John Moores perhaps has reached the point where it could be much smaller than it is, leav- ing no room for passengers, and making inclusion at all a real compliment.

Whittled down, this particular exhibition indeed would be much tougher, for there are some very good things in it, and most of them the contributions of the better-known. *Best of all, my* own preferred winner, is "If Not Not" by R. B. Kitaj, an *exotic dream of landscape,* ambiguous to the point of indul- gence drily but beautifully printed.

Other figurative painters to dis- tinguish themselves are Norman Stevens, who makes an apt painterly commentary upon the photographic source of his ima- *gery in his description of a lush* country lane: Anthony Green, who shows yet another large self- portrait: *and* Lawrence Preece, whose house without walls set in a black limbo is, in fact a stylish and witty piece. Amongst the non-figurative works are good things from Edwina Leapman, *who deserved her reward for a* pale, subtle and very beautiful painting, from Stephanie Berg- *man, Allan Boston and Richard* Kidd. Stephen Buckley's stepped relief looks very well, as it did in London recently; Richard Smith shows another of his kite- like constructions, which is rather good; and there is a characteristic and excellent painting from John Hoyland. Many other works live honour- ably in this company, whether by artists barely out of College or by those whose teeth are some- *what longer: Christopher Coy,* David Wiseman, Pamela Clark- son, Stan Smith, Patrick Heron and John Bellany.

The John Moores remains an important institution, far from moribund, and it would be very wrong to suggest otherwise. This, the tenth, on view until August 10, is eminently worth visiting and full of interest. Finding fault, we still want and need it to continue, and with renewed vitality. But it is also far from uniformly excellent: doubts and *misgivings remain in the mind.* It cannot afford to assume its position as a right, but must defend and improve it: and, rather than simply reflect the establishment, as it drifts insen- sibly towards academicism, it must test and challenge it con- stantly by searching out and encouraging the very best there is.

New Haven theatre

The House of Mirth

by HENRY POPKIN

The hopeful announcements of autumn do not invariably foretell the plays that bloom in the spring. Both the Long Wharf and the Yale Repertory, the two regional theatres of New *Haven, have had to forgo the* main events scheduled for their spring season. Yale had promised *a new play by E. L. Doctorow,* who proved to be unable to finish it on time because he was too busy working on the film version of his novel *Ragtime*. *General Gorgeous*, a new play by Michael McClure about comic-strip super- heroes, filled the gap and con- firmed the worst fears of those who had always had their doubts about the author of *The Beard*.

The Long Wharf had better luck with its change of plan. It originally announced that it would, like virtually every other American theatre, observe the bicentennial year by reviving an old American play. Early pub- licity promised that playgoers would find the dramatisation by Clyde Fitch and Edith Wharton of Mrs. Wharton's classic novel *The House of Mirth* to be a rare treat. It had failed in 1906, we were *told*, because it was ahead of its time, but now audiences were sufficiently mature to *receive it properly. Then,* apparently, someone at the Long Wharf took a second look at the script—and threw it out. Instead the Long Wharf chose to stage a new dramatisation by its literary manager, John Tillinger. This new version is strictly faithful to the novel, employing the scenes and the very dialogue of Mrs. Wharton's fiction wherever pos- sible. The finished product sen- *sitively interprets the tragic* dilemma of Mrs. Wharton's Lily Bart.

Lily Bart is an attractive New Yorker of good family but limited means. To live in the style that she desires she must find a rich husband, but she has too much integrity to hunt down a suitable man and not enough *integrity to be a truly free spirit* like the man she most admires, Lawrence Selden.

After losing a stuffy suitor whom she cannot stoop to pur- sue, she becomes innocently enmeshed in the marital diffi- *culties of her wealthy friends* and is disinherited by her wealthy aunt. She fails even to make use of her sense of fashion by working as a milliner. At last she uneasily confronts *the one rich man who is will- ing to marry her* a Jewish social climber named Rosedale. (Happily the play spares us Mrs. Wharton's analysis of his racial traits.) She takes a fatal over- dose of sleeping potion—perhaps inadvertently.

Lily Bart's tragedy belongs to her time and to her world, the closed society of New York's best families at the turn of the cen- tury. Several years ago a tele- vision adaptation brought *The House of Mirth* up to date and thereby demonstrated the futility of tampering with the original. *In our own time a Lily Bart* would have gone to university, specialised in something, and possessed the key to a career.

The quietly comic lines that Mrs. Wharton intended for the study work remarkably well on the stage. They effectively satirise the New York society that worshipped empty forms and *the full pocketbook* but they do not compromise the tragedy of Lily Bart. This is a drama well suited to a cast that has no stars but plenty of expert players, notably including Fran Brill as Lily Bart.

This has been a good season for the Long Wharf. It began with O'Neill's *Ah, Wilderness!* playing a limited engagement on Broadway and continued with David Rabe's *Streamers*, which is probably the best new Ameri- can play of the year. When Washington's Arena Stage won the first Tony awarded to a regional theatre, the Long Wharf came second in the balloting. It should easily get next year's Tony.

Ghosts and graven images

by DEBORAH PICKERING

Gable and Lombard by Warren G. Harris, Cassell, £3.95. 180 pages

Cagney by Cagney by James Cagney. New English Library. £3.95. 202 pages

The Times We Had: Life with William Randolph Hearst by Marion Davies. Angus and Robertson, £4.80. 265 pages

The Fairbanks Album by Douglas Fairbanks Jr. and Richard Schickel. Secker and Warburg. £7.50. 279 pages

Did Marilyn Monroe kill Clark Gable? *What really happened* on Jean Harlow's wedding night? Would Marion Davies have ever reached stardom without the aid of William Randolph Hearst? These and more questions can now be answered out of recent publications from that American pantheon, Hollywood.

The sustaining magic of the *phenomenon that was Hollywood* was its total dedication to the deification of trivia. Like stal- wart English nannies, the "publi- cists" tended the talents, morals and aspirations of the discovered few. These publicists, whipped relentlessly by that arch-despot, Louis B. Mayer, created, cajoled, cosseted and sometimes cor- *rupted their million-dollar* babies.

Most Hollywood biographies, "personal stories," handed-down legends, are apocryphal and in- cestuous; the anecdotes are often interchangeable.

Douglas Fairbanks and Mary Pickford were considered *movie* royalty with the "perfect mar- riage"; Gable and Lombard the "perfect pair"; Marion Davies (no *Welsh progenitors* — she changed her name in true Holly- wood tradition) with her para- *mour, William Randolph Hearst,* created the most respectable scandal.

The tinsel thread runs through this spate of memorials of the Hollywood pre-war scene. Nos- talgia is in and eulogy the order of the day.

The Gable and Lombard story is the most emotive. She, a well- bred, foul-mouthed prankster, marvellous comedienne and fatal magnet to the windjammer- eared, *small-town boy* who be- came "king" of Hollywood. Their story is the zenith of movie *world romances, curtailed by her* tragic death in an aeroplane crash following her contribution to the U.S. war effort — then Gable's left-over-life-to-live with etiolated, surrogate Lombards.

James Cagney did not believe he was anything but a regular, tough, Irish guy . . . he chose acting, but not stardom, and emerges as one of the nicest "fellahs" (his word) from the whole bombastic bunch. His *Cagney by Cagney, incorporating* a number of hackneyed Holly- wood legends, is a weak riposte to "unauthorised" biographies.

Marion Davies starts her story: "I was born in 1905 . . .*" the cruel asterisk, inserted by the joint editors, states that she was *born in 1897. Marion's account* is a name-dropping extravaganza underlined by her honest insis- tence that she was nowhere near an "actress." Written like a diary scribbled by a schoolgirl who had failed O-level English *it glitters with the names* of the rich and celebrated but irritatingly conceals her attrac- tion to the man she always called "W.R."

The director Walter Wanger emerges as the most literate observer of the Hollywood zoo. He relates the Fairbanks/ Pickford obsession with social status when they invited to their mansion, Pickfair, the "Princess Vera Romanoff" for whom they *sent a car. The "princess"* arrived to spend a wonderful week-end chez the Fairbanks — she was actually a little secretary from San Francisco who returned home on Monday morn- ing having thanked them very much.

Hollywood was overtly sexual. Yet, brutalised by their studio chiefs into non-stop money- making, it is astonishing how little time the movie stars *actually had for their romances.*

High on beauty and possibly good-natured humour, certainly *on stamina the stars put that* Californian corner on the inter- national map. But it was the innate shrewdness of people like Mayer and Goldwyn, the true geniuses of that Californian complex, who made the movie kingdom

lizabeth Hall

Peter Frankl

by DOMINIC GILL

Peter Frankl began his piano cital on Sunday afternoon with ozart's *D major sonata* K576. the first movement—unnerv- g movement, frighteningly posed, with which to begin any cital—a lack of perfectly clear rticulation, especially in semi- uavers, hurried the music here it should have had only rilliant, radiant poise. It was therwise an easy, persuasive ccount from this sound, musi- ianly pianist—not magical Mozart like Curzon's last week, ut good-natured, able Mozart, orth (as Michelin might say) a isit.

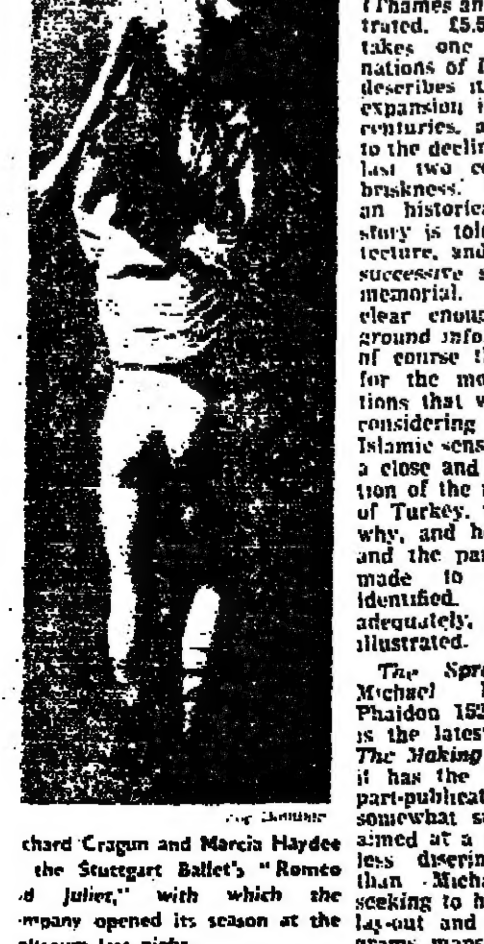
His Schumann Fantasy op. 17, n the other hand, was worth a etour. It was a performance mpressive less for its subtle nance and inflection than for a eaith of carefully worked, eautifully shaped contour. othing jarred, everything owed; every line to point and urpose. Rushed tempi in the *cond movement did not always* ave us enough time to savour e more delicate harmonic olours; there were rests, parti- cularly in the left hand, as well as important staccato and legato contrasts, which could have been more keenly observed. But it was a performance all the same *of real style and presence*: and muscle too—exciting to hear the fiendish second-movement coda *played for once with (almost)* every one of its notes intact.

Frankl's all-Chopin second *half made a steady crescendo*, grandly sustained. He began with the F minor Fantasy, delivered with weight and sure dramatic sense—odd, though, the choice of a sudden, bathetic *diminuendo at the ninth measure* of the first *agitato* section: in- teresting, but surely improbable? Of the four Impromptus, which he gave in sequence, the long melody of the F sharp major no. 2 was beautifully voiced, prelude to the finest gossamer breeze of 32nd-notes. The fourth Impromptu and the B *minor Scherzo together made a* triumphant finale—each one alive with vivid colour, each a splendid tour de gale-force.

The history and art of Islam

by WILLIAM PACKER

The world of *Islam Festival* nfronts us with the history of hen though contiguous cul- re to our own, which has in *ri threatened, horrified* and scinated Christian Europe. We t it here through its artefacts: *d, though we may be seduced* d enraptured by the sheer ysical beauty of so many ings, we must work rather rd to assimilate and make y sense of it all. We need the help there is. The many talogues produced by the stival Trust and the Arts uncil to guide us around their *shows, are excellent in them-* selves, valuable scholarly intro- ductions to their subjects: but a catalogue, however useful and even definitive it may be, remains a catalogue, tied to a particular event, and depending *upon that experience* by the reader for justification. We should welcome, therefore, the flood of books that has swept over us of late, a happy oppor- tunism on the part of the publishers to catch the ephemeral interest before it fades, and invest it, perhaps, with some degree of permanence.



chard Cragun and Marcia Haydee the Stuttgart Ballet's "Romeo *d Juliet*," with which the mpany opened its season at the oliseum last night.

The first thing to look for, necessarily, is a basic primer, a work that sets out the premises *of the subject in clear and simple* terms, ambitious in its scope, but practical. In *The World of Ottoman Art*, Michael Levey (*Thames and Hudson* 152pp illus- trated, £5.50—£3.50 paperback) takes one of the constituent nations of *Islam, the Turks*, and describes its course from rapid expansion in the 14th and 15th centuries, and access of power, to the decline and collapse of the last two centuries, with great briskness. It is more than just an historical account, for the story is told through the archi- tecture, and its decoration, that *successive sultans left as their* memorial. The chronology is clear enough, but as a back- *ground informing the Art.* And of course the particular stands for the more general assump- tions that we must make when considering the product of an Islamic sensibility. We are given a close and informative descrip- tion of the mosques and palaces of Turkey, who built them and why, and how they were used: and the particular *contribution* made to a wider culture identified. The book is adequately, though not lavishly illustrated.

The Spread of Islam by Michael Rogers (Elsevier/ Phaidon 152pp 153 illus. £3.95) is the latest in a series called *The Making of the Past;* indeed it has the look and feel of a part-publication, admittedly of a somewhat superior kind. It is aimed at a younger, or perhaps less discriminating readership than Michael Levey's book, seeking to hold the attention by lay-out and sub-title. The dia- grams, maps and plans, however, are colourful and useful, there is an excellent glossary, and a generous spread of colour plates.

The World of Islam, edited by Bernard Lewis (Thames and Hudson 360pp 490 illus. £12.50) *also aims, as its title suggests, to* embrace an immense subject, which it manages with com- mendable confidence and style. Thirteen distinguished academics take each an aspect of Islam, its Art, Faith and History, and give us a succinct yet comprehensive disquisition upon their choice. Professor Lewis opens the book *himself, with a chapter upon the* Faith itself, from which all else flows, and the Faithful. We are taken then, in turn, through the Art, Music and Literature, the Science and Philosophy, and the several civilisations, from Spain *to India, that were the embodi-* ment of this unifying Islamic culture. The book closes with an examination of Islam in modern times. It is scholarly and densely informative, beautifully and generously illustrated, a valuable and accessible work of general reference.

The Genius of Arab Civilisa- tion, edited by John R. Hayes (Phaidon 231pp 86 plates £13.95), is another anthology of con- *tributions, less wide-ranging,* perhaps, but more exactly focused, profiting by its com- parative narrowness. The book deals only with the Scholarship, Art, Science and Technology of the Arab World: indeed the Exact Sciences, the Life Sciences, and Technology are given chap- ters to themselves (there are only nine in all). Architecture and Art are treated together, Literature and Philosophy separ- *ately, and Trade and Commerce*; and there are useful general essays to begin and end. Again, it is beautifully produced, and splendidly illustrated, entirely in colour.

Other books are more specia- lised still: *Islam* (from the series *Monuments of Civilisation*) by Umberto Scerrato (Cassell 192pp illus. in colour £7.75) takes only the architecture, but from the earliest days of the Umayyads up to the 17th-century, and the great buildings of India, Persia and Turkey. The illustrations are splendid, and the diagrams of the buildings extremely help- ful. The text is rather less inspiring, somewhat stilted and cliche-ridden, a fault, perhaps, of translation. It is, nevertheless, full of information.

Art of Islam by Titus Burck- hardt (World of Islam Festival Publishing Company 228pp illus. £12.50) is another book in which architecture is the main pre-occu- pation, well illustrated and docu- *mented: but first calligraphy, and* then Arab tile decoration, and the carpet, are given particular consideration; and the spiritual truths, which draw Arab Art of all kinds inexorably together, are emphasised.

The decorative use of the tile resulted in some of the most remarkable and peculiar achieve- *ments in Islamic Art.* Many of these books illustrate the more spectacular examples. In *Pattern in Islamic Art* (Studio Vista 144pp illus. £7.50), David Wade takes the patterns themselves, explains the geometrical founda- tions upon which they are built, and then analyses their construc- tion diagrammatically, moving *from simplicity to complexity,* and back again. System imposed upon system produces order of the most unexpected and rami- fied kind. This is an extra- ordinary and most stimulating book.

Islamic Metalwork by Géza Fehervári (Faber and Faber, 143pp illus. £25.00) is an ex- *haustive and highly specialised* work of scholarship, the defini- tive catalogue and description, item by item, of work in the Keir collection. It is hardly a book of general interest, which must explain its high price, for the quality of the illustrations is by no means exceptional. But the richness of the material, and the obsessive nature of their examination, are powerful and persuasive arguments.

With Wilfred Blunt's *Splen- dours of Islam* (Angus and Robertson, 152pp illus., £4.80), we are back with the informed general reader. The author is wide-ranging, but selective, taking particular but significant subjects from history and art. The chapters are short, the writing sometimes concise, some- times discursive, usually of great interest, always idiosyncratic: a personal view on to another world. The illustrations are as well chosen as their subjects are varied.

WORLD TRADE NEWS

Japan trade surplus declines as exports slow

BY CHARLES SMITH, FAR EAST EDITOR TOKYO, May 17.

JAPAN achieved its third consecutive monthly balance of payments surplus last month, according to preliminary figures published to-day by the Ministry of Finance.

The surplus was a relatively manageable $190m., however, compared with the embarrassingly large $654m. surplus in March. The main reason for the change was that exports performed less strongly in April than in the previous month.

The "crude" export figure for April is put at $5.24bn., which was 11 per cent. up on the April 1975 figure but substantially less than the March export figure of $5.84bn. Imports in the other hand, were very slightly greater in April than in the previous month ($4.5bn., against the March figure of $4.49bn.). On a seasonally adjusted basis, imports rose 5.4 per cent. between March and April while exports decline 7.7 per cent.

The more moderate performance of Japanese exports in April is expected to be greeted with some relief by officials worrying about the growth of antagonism in major overseas markets to a too rapid increase in exports. Japan was warned last week at a meeting with EEC officials that a continued growth of the imbalance could lead to trade barriers being introduced on the European side. Japan is also faced with the threat of barriers to its exports to South Korea which is one of its top three or four major overseas markets.

Measures to stimulate imports from sensitive areas such as Korea and the EEC could be considered later in the year if Japan's surplus with these areas continue growing. But action of this kind is not likely to be taken in the very near future and could be slow to produce results. Japanese officials have been estimating recently that it may be early next year before the recovery of domestic demand in Japan produces a strong "natural" growth in demand for imports. These predictions probably still stand despite the relatively reassuring April figures.

A curious exception to the general increasing trend of Japanese exports to the EEC in the recent past has been a falling-off (at least according to the Japanese figures) in shipments to Britain. These showed a fall of just over 30 per cent. from a year ago in March while in April the figure was down 42 per cent. from the same month of the previous year.

Canton turnover down

BY OUR OWN CORRESPONDENT HONG KONG, May 17.

CHINA'S semi-annual Canton Trade Fair, which ended Saturday, had the lowest trading turnover in years with both imports and exports down sharply, according to diplomats and traders who returned here over the week-end.

But China's official New China News Agency (NCNA) said that the total value of contracts concluded at the month-long fair was higher than that of its counterpart last spring.

The two trading sessions of the fair, officially the Kwangchow Export Commodities Fair, were once thought to account for about 25 per cent. of China's exports worth about $7bn. last year. *In recent years that percentage* has been dropping because of increasing oil exports and other contracts concluded outside the fair.

The most recent session, China's 39th trade fair was badly hurt by China's trade diversification policy, and new marketing methods.

One European diplomat estimated that trade volume was 50 per cent. below that of the trade fair which ended in November. Japanese reports spoke of export and import contracts falling short of their $300m. target by 10 to 20 per cent.

Individual stories were more grim. A European chemicals *buyer said that he found prices* 20 to 30 per cent. above world market levels. A North American buyer of silk said that he came to the Fair prepared to buy 500,000 yards and found that only 40,000 was available.

It is usually assumed by China-watchers that the official Press does not fib in its statistics—but that it may fudge a little bit. For example, it is not known how many deals concluded before the Fair opened, were included in the final figure.

India wins £500m. Iraqi rail contract

By K. K. Sharma

NEW DELHI, May 17.

INDIAN railways has won a Rs.9bn. (about £500m.) turnkey project from Iraqi railways to lay a complete railway line from Musayed to Kufa-Samunab, the biggest such contract ever obtained by this country.

Indian railways are also making a bid for another Iraqi railways tender worth about Rs.14bn. The project already won will be undertaken by Indian railways' new consultancy and engineering unit known as Rail India Technical and Economic services (RITES) which has been specially set up to bid for tenders in the *Middle* East and other developing countries.

Meanwhile final trade figure for 1975-76 (ended March 31) reveal that despite exports rising by an impressive 16 per cent. to Rs.38.6bn., India ended the year with a trade deficit of Rs.11.5bn.

'Scope' for exports to Latin America

BY HUGH O'SHAUGHNESSY

"THE scope for an appreciable increase in U.K. exports to Latin America is good" though the region will still require exceptionally heavy capital inflows in the years up to the end of the decade.

This is stated in a report on the Medium Term Prospects for Trade in Latin America prepared by the economic affairs committee of Canning House.

Commenting on the countries individually the report says that "Venezuela, of course, remains the most inviting prospect among the major countries." The democratically elected Accion Democrática party is firmly in power, and, by and large, has shown itself responsible both in the management of the huge accruals of reserves (equivalent to about 21 months' imports at the 1975 level) over the past two years, and in its planning for the future.

On Brazil the report comments that its fundamental strategy over the next few years must be the containment of the current account deficit. Though Brazil should be able to count on a satisfactory export growth, there will be relatively little room for expansion of imports if the current account deficit is to be controlled because of the very large deficit on services.

These circumstances will make the Brazilian market more difficult for exporters this year and for the next year or two. Brazil's conditions for foreign investment remain fairly liberal.

On Mexico the report says that the likelihood of a healthy rise in current account income derived from oil exports will not dispense with the need for sustained and substantial borrowings from abroad to support the increase in exports necessary for continued economic growth.

Argentina is an exception to the favourable assessment of the major countries of the region. Recovery from the "disastrous" political and economic developments of recent times is, it says, likely to be slow until a greater measure of political stability is achieved.

Tate wins £22m. Venezuela contract

TATE and Lyle Engineering, the agro-industrial engineering division of Tate and Lyle, has been awarded a £22m. contract for the design, supply and erection of a turnkey sugar factory project in Venezuela and is due for completion in November 1978.

The proposed factory will process 7,000 tons of sugar cane per day. Much of the sugar processing plant and machinery is being manufactured by Tate and Lyle Engineering's Glasgow subsidiary Mirrlees Watson.

FAO sees pulp growth

ROME, May 17.

AN ADVISORY committee of the Food and Agriculture Organisation of the United Nations to-day estimated that world pulp and paper production would grow at an annual rate of more *than 3 per cent. in the next four* years.

The FAO advisory committee for pulp and paper estimated that by 1980, total world paper grade wood pulp production capacity would be 149.6m. metric tons, compared to 126.8m. tons in 1975. This amounts to a growth rate of 3.4 per cent. a year.

The estimate for total world paper and paperboard capacity by 1980 was put at 206.1m. tons, *compared* to 175m. tons in 1975, or an annual growth rate of 3.3 per cent. The figures in the report come from 94 countries, mainly through trade associations and the industry, and are compiled by the FAO annually. AP-DJ

ALUMINIUM SMELTING

The power and the capital

BY LORNE BARLING

THE decision to build a $500m. aluminium smelter in Dubai, announced at the week-end can be regarded as a promising approach to some of the numerous problems facing the world aluminium industry.

These difficulties arise from two main factors, the world shortage of cheap energy and of capital, both of which are required in enormous quantities to build smelters on green field sites. As for other forms of industrial endeavour, the oil-rich countries provide an attractive combination of the two.

Although world demand for aluminium has fallen substantially in recent years, it is now believed that shortages will be experienced in late 1977 or early 1978. A number of new smelters are currently being considered, but some capacity is also likely to be lost for a number of reasons.

American companies, notably Alcoa and Reynolds, are operating smelters which are now in need of updating and are faced with growing public competition for the electricity provided under hydro-power agreements. For that reason they are searching for suitable sites abroad.

The Japanese producers are also under a cloud, both literally and metaphorically: environmental activists and the high cost of power from imported oil have forced them to look abroad for projects in which they can take an interest.

Not surprisingly, major producers which have in the past been vertically integrated, right to the marketing of their products, are now seriously concerned about their ability to bear the cost of new investment and Governments have inevitably become involved.

It is estimated that primary aluminium production in the West will rise by 5.3 per cent. to 11.5m. short tons this year while consumption will rise 20.3 per cent. on 1975 to 11.5m. tons. However, total supply will be 11.6m. tons when the U.S. stockpile and Sino-Soviet sales are taken into account. Production capacity is expected to rise to 15.2m. tons by the end of 1979.

Expansion

Most of this additional capacity is likely to come from expansion at existing smelters, although new plants in Indonesia, Algeria and the Soviet Union are being considered. At an investment cost of $3,000 per annual ton or $450m. for a 150,000-ton plant, the reticence is not surprising.

A number of projects in developing countries have been looked at, but capital markets have not been particularly responsive to committing very large sums of money to projects of this kind. Only the Middle East has succeeded in attracting the necessary support.

The Dubai project, which is to be built in Jebel Ali by British Smelter Constructions, illustrates the multinational nature of new developments, with American and Japanese inter[ests] participating. It will be 80 per cent. owned by the Di[ubai] Government.

Although doubts have b[een] expressed about the ability [of] markets to absorb initial out[put] the smelter's full production [of] 135,000 tons a year will only [be] reached in 1981.

From Dubai's point of view, [the] plant has two main advanta[ges]: it will make positive use of gas offtake from the Sunning[dale] gas plant, which is being [con]structed at a cost of $220m., [and] it will contribute in the coun[try's] efforts to build up its indus[trial] infrastructure.

Contracts have already b[een] signed for the construction o[f an] extrusion plant and its alumin[ium] products will certainly be use[d at] a later stage in other manu[fac]turing industries, such as e[...] mills, corrugated sheeting [and] foil.

The fact that the source of alumina for the project has [not] yet been decided is a clear [indi]cation of the priorities w[hich] prevail in siting a new sme[lter]. It is equally clear that inqui[ries] along these lines from S[audi] Arabia, Iraq and for expansio[n of] capacity in Iran, are to be t[aken] seriously.

New technology in alumin[ium] production has yet to pro[vide] another answer to the [...] energy needs of the industry—until it does, if ever—count[ries] able to meet that requirem[ent] cheaply must be the most att[rac]tive hosts for smelters.

U.K. ship engines for Kuwait

Marine engineers John G. Kincaid and Co. of Greenock, have secured an order for six ship engines, valued at £5.8m., to be installed in six bulk carriers of 23,200 deadweight tons which Govan shipbuilders will be constructing for Kuwait shipping agencies.

The Burmeister and Wain-type marine diesels, each of 12,500 break horsepower are scheduled for delivery next year. "This is a most welcome addition to our workload which will provide continuity in our two factories till the autumn of 1977," said Mr. Cameron Parker, Kincaid's managing director.

'Old master' photos

Japan may be inundated with "old masters" which look indistinguishable from the original but are actually highly sophisticated photographic reproductions as a result of an exhibition of photographic equipment which opens to-day at the British Export Marketing Centre in Tokyo, Charles Smith writes. The "old masters" are being shown by Vala Studios which developed the process last year.

Greek patrol boats

Hellenic Shipyards, belonging [to] Greek shipping magnate Stav[ros] Niarchos, is to build ten patrol boats for the Greek [...] under an agreement signed [...] our Athens correspondent wr[ites]. The order is worth £3m.

(Advertisement)

DKB'S ECONOMIC JOURNAL

May 1976: Vol. 5 No. 5

Personal savings ratio is expected to continue at a high level in Japan

When compared with their foreign counterparts, Japan's household savings have several distinguishing characteristics, among which the most prominent is the high savings ratio. Household savings have drawn attention as one of the factors responsible for the high economic growth of postwar Japan. But as a result of the oil crisis in 1973, significant changes have taken place in households' economic behavior, including savings.

It is a generally accepted fact that Japanese households' propensity to save is higher than that in Europe and America. In terms of the personal savings ratio based on the national income statistics, for example, Japan stands out as the accompanying table shows.

Reasons often cited are:

1) In Japan, households of personal proprietors whose propensity to save is generally high account for a large share.

2) Non-regular income, such as bonuses, for which the propensity to save is high, accounts for a large chunk of wages of working people.

3) Because of lagging social security, people tend to save money for defensive purposes to prepare for illness and life after retirement, for example.

4) Strong motivation for home-ownership leads to a high level of savings.

5) The level of accumulation of financial assets is low.

Japan's propensity to save continued to grow throughout the period of high economic growth (from 1955 to 1973), with the personal savings ratio rising 12 points during that period.

Among factors that explain long-range changes in the propensity to save are: 1) increase of income, 2) change in the level of assets held, such as financial assets and houses; 3) trend of debts; 4) change in *the trend of prices; and* 5) change in institutional factors, like social security, pension programs and taxes.

So far as working people's households—accounting for two thirds of total households in Japan—are concerned, the rise of the propensity to save during the years of high economic growth was attributable more than anything else to the fact that non-regular income, like bonuses, of which people tend to save a major proportion, increased sharply compared with regular salaries.

In foreign countries, the propensity to save tends to rise when the economy is booming and drop during a slump.

In Japan, such shifts in the propensity to save are relatively small, but there is a tendency for the propensity to save during a slump to drop slightly or rise at a slower pace than during a boom. Such short-range changes seem attributable to a change of proportion of non-regular income to the total income, a change in the rate of price increase and a change in the outstanding balance of debts. Regarding composition of savings, financial assets of households in Japan are characterized by a large proportion of deposits, time deposits in particular, and a small share of securities.

Change after oil crisis

In 1974, the Japanese economy was hit by rampant inflation triggered by the oil crisis. The economy drifted into its worst postwar slump as a consequence of the severe monetary tightening and other austerity programs.

Although working people's disposable income rose by a sharp 24.4 per cent in nominal terms in that year, it recorded a drop of 0.1 per cent after adjustment to consumer price advance of 24.5 per cent. This led households generally to restrain consumption and save more.

The result was that the prepensity to save (the ratio of surplus) of working people's households rose a significant 1.8 points despite the slump. (The surplus here means the difference between disposable income and consumption expenditures. It consists of a net increase in financial assets, a net decrease of debts and a net increase in property assets, like land and home. The surplus ratio is obtained by dividing the surplus by disposable income. It is equated with the propensity to save in a broad sense.)

This rise was contrary to the past tendency of a drop or slowdown of increase of propensity to save during a slump.

Income level and savings

In analyzing how inflation affected the savings behaviors in 1974, one notable point is marked differences among income brackets.

As for the relationship between the income level and the surplus ratio, households with a high level of income used to have a high surplus ratio until 1973. But in 1974, the surplus ratio of a group with a very high level of income (5 per cent of the total) went down sharply, while that for the low income group recorded a big jump.

In terms of the five-bracket income grouping based on a survey by the Prime Minister's Office concerning household economy, there was little difference in the rate of increase of regular income in 1974 between the first bracket (lowest income group) and the fifth bracket (highest income group), but so far as non-regular income was concerned, a drop of 0.2 per cent was recorded for the first bracket, while a 45 per cent gain took place for the fifth bracket. If the past pattern had been maintained, this would have resulted in a higher propensity to save for the fifth bracket, but as things turned out, this was not the case in 1974.

In the first bracket, net repayment of debts increased 3.5 times as people in this bracket reduced fresh borrowings while trying to repay outstanding borrowings. They also increased deposits and cash at hand, both of which doubled during the year.

In the fifth bracket, on the other hand, people increased borrowings to buy consumer durables, like automobiles, and goods that are considered strong against inflation, such as jewelry. They also increased investment-type spendings, such as for education, and maintenance and reform of facilities and equipment. As a result, the net increase in deposits in this bracket dropped 10.6 per cent from the preceding year and debts recorded a net gain.

These differences in behaviors between low income and high income groups were due, first of all, to the difference in the size and composition of assets stemming from the difference in the level of income. Assets of the high-income group are not only large in size but also characterized by a larger percentage of non-financial assets, such as houses and other properties.

This means that inflation took a heavier toll on the low income groups in terms of the rate of depreciation of assets.

Another important thing that explains the difference of behaviors was that low-income people were unable to take actions to hedge against inflation. These moves were possible only for households with a high level of income. The only way for low-income people to cope with inflation was to cut back consumption and increase small-sum deposits.

This also explains why debts of the higher income bracket increased. People in this bracket seized on investment opportunities generated by inflation that outpaced the cost of borrowing.

Trend in 1975

Are these changes in households' behaviors temporary or will they form a long-lasting trend in the future?

The savings ratio of working people's households last year recorded a sharp drop of 1.3 points from the prior year because cash at hand decreased 26 per cent while deposits gained by only 1.7 per cent, offsetting a 46 per cent rise in property assets and securities. Behind this was the revival of willingness to consume after last autumn as a result of deceleration in the consumer price advance. In addition, sluggish year-end bonuses, which were down 4.6 per cent from the previous year, put a squeeze on savings rather than on consumption. As a result, consumption last December increased 12 per cent and surplus of households decreased 3.6 per cent, respectively from the year-earlier level.

These trends are similar to pattern of savings in the past recession periods and as such, they may indicate a possible return to the pattern along with the slowdown of inflation.

However, the rate of increase of savings in the low-income bracket is still continuing high, while net increase of savings for higher income brackets has turned out smaller than the preceding year's for the second year in a row.

All this seems to suggest that the savings pattern that has undergone a radical change in the wake of the oil crisis is partially returning to the past pattern. But it will take a long time to fully recover from the aftermath of inflation.

Future outlook

According to the Government's Economic Council, the growth rate of the Japanese economy through fiscal 1980 will slow to an average 6-plus per cent a year, while consumer prices will keep growing at an annual rate of 6 per cent or so in the five-year period.

Under the circumstances, the propensity to save is likely to face the following changes in conditions that determine its level:

1) Gains of non-regular income will generally slow and become more erratic. This may result in a slight drop in the propensity to save so far as this factor is concerned.

2) If consumer prices will maintain an uptrend as predicted, the propensity to save will remain at a high level, centering on low-income groups.

3) Due mainly to expansion of housing loans to meet an increase of housing construction, outstanding balance of debts of households will further increase, which means a rise in the propensity to save.

4) As for accumulation of assets, working people's desire to own houses is expected to continue strong, and they will also remain strongly motivated to build up financial assets.

All told, the propensity to save can be expected to remain at a considerably high level, even if it records a moderate drop for the time being in reaction to the recent excessive rise.

Composition of savings

In the future, acquisition of property assets (such as land and houses) will continue at a high level and repayment of debts will also grow as a result of expansion of housing loans, among other things.

As for composition of financial assets, time deposits and securities may be headed for an increased proportion in the future. This is because the level of savings in terms of ratio to annual income will rise in the future (due to slowdown of growth of income and a continuously high level of the *propensity to save), and this, in* the light of the past trend, can be considered as pointing to such a possibility.

PERSONAL SAVINGS RATIOS OF MAJOR COUNTRIES
(Per cent)

	Japan	U.S.	U.K.	W. Germany	France
1960	17.4	5.0	7.1	15.0	—
1965	17.7	6.6	8.7	15.9	15.5
1970	20.0	7.6	9.1	16.6	17.0
1973	25.0	8.2	11.3	14.1	17.8
1974	25.3	7.7	12.7	14.8	17.2

AMERICAN NEWS

Giscard aims to revive French status in U.S.

BY ROBERT MAUTHNER PARIS, May 17.

PRESIDENT Giscard d'Estaing to-day began a five-day official visit to the U.S. during which he will try to persuade his American hosts to treat France and Europe as independent equals and to take more account of European views on international problems.

Every effort is being made to impress on a sceptical American people the image of the new France which, although it does not claim to be in the same league as the superpowers, considers that its economic strength and technological know-how has made it into one of the leaders of the middle-rank nations.

This aspect of the visit, symbolised by the fact that M. Giscard has flown to Washington in Concorde, which he will also be using, albeit at subsonic speeds, for his trips to Houston and New Orleans, is obviously seen by the French as infinitely more important than a renewal of the old sentimental ties dating back to the American War of Independence.

To the general surprise of the French, a special public opinion poll commissioned by the French Government in the U.S. has shown that most Americans still consider France to be a less important economic power than Britain, while Sir Harold Wilson and Herr Helmut Schmidt, the West German Chancellor are better known to the average American than the French President.

M. Giscard d'Estaing and the French information services in the U.S. have been pulling out all the stops to counteract what is considered here to be a serious lack of knowledge by Americans of France and French policies. Almost as many interviews have been given by the French President to American newspapers and magazines over the past two weeks as to French publications over the past year.

In spite of all the publicity, however, M. Giscard's talks with President Ford will inevitably lack the drama of some of the previous Franco-American summit meetings. The fact that President Ford may not be re-elected plainly deprives the talks of some of their long-term significance, while the great improvement in Franco-American relations since M. Giscard's election probably means that there will be no fireworks this time.

Nevertheless, there are a number of issues on which the two Governments are at odds. President Giscard has expressed concern at the failure of the U.S. to take a decisive stand on a number of international issues, particularly Angola, and the French have also been disturbed by the recent hardening of the American position on East-West detente.

Not least, a great deal of irritation has been expressed in France at the recent statements by Dr. Henry Kissinger, the U.S. Secretary of State, on Communist participation in Western European Governments. Though M. Giscard is the last to welcome such a possible development, he can be relied upon to tell President Ford that France does not appreciate such "interference" in other countries' internal affairs.

Quite apart from the traditional French attachment to national independence, which M. Giscard shares, the French President has to keep a watchful eye on Gaullist opinion at home, which will jump on anything he says or does that is not in keeping with this hallowed principle.

Dr. Kissinger says he would prefer to go

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, May 17.

DR. HENRY KISSINGER, the Secretary of State, made clear publicly to-day that he would prefer to give up his office even if President Ford is elected in November.

This has been the message that he has been conveying in private comments which have circulated on the Washington grapevine for some time. But this morning he went on national television to say as much, prompting some speculation on the timing of his remarks—coming, as they do, on the eve of the President's critical primary battle in Michigan with Dr. Kissinger's principal critic, Mr. Ronald Reagan.

Asked what he would do if Mr. Ford was returned to the White House, he replied: "I don't want to tie the conduct of foreign policy to me personally. If a foreign policy is well designed, it should be able to be carried out by many people. So, on the whole, I would prefer not to stay."

He went on: "I don't want to say to-day when I don't know the circumstances that exist, the necessities that the President may feel he has, that I won't even listen to him, but on the whole I would prefer to leave."

He defended himself vigorously against the charges of some of Mr. Ford's political advisers, who have claimed that his recent African trip was ill-timed and a contributory factor to the President's losses in primary elections.

Dr. Kissinger said that Mr. Ford "personally approved every proposal I made. I briefed the Cabinet two weeks before I went, in the presence of all the political experts, and nobody said this was a bad time to go, and I don't believe that it is my obligation as Secretary of State to introduce political considerations into the conduct of foreign policy."

However, foreign policy is very much a matter of domestic political consideration at the moment. If Mr. Ford comes unstuck in Michigan to-morrow or suffers serious primary defeats further down the road, then be will hear advice that the only way he can pull his chestnuts out of the fire it to ditch his Secretary of State. The counter-argument to this is that such an action would be widely seen as the last throw of a desperate man who has no business remaining President and would, in any case, do more to legitimise the Reagan jingoist approach to foreign affairs than anything that the Californian himself could say.

Senate group urges big cuts in NYC salaries

BY STEWART FLEMING NEW YORK, May 17.

FURTHER GOVERNMENT loans to support the inadequate finances of New York City should be advanced only if there are severe cuts in the fringe benefits that city employees receive as part of their salaries.

This and a series of vigorous checks on the progress of the city's three-year plan to eliminate its chronic deficit are recommended in a report by the influential Senate Banking Committee chaired by Sen. William Proxmire.

The report attacks the City's rent control programme as being harmful to its economy and advises the city's political leaders to phase out rent control if necessary. The political implications of such a move would be far reaching given the thousands of voters, especially in poor neighbourhoods, who are protected from rent increases by the controls.

Commenting on the report, Sen. Proxmire said: "New York City will have the fight of its life to balance its budget, pay off its federal loans and avoid bankruptcy in 1978 (the year when the three-year federal aid programme runs out)."

Canada-USSR fish talks

Canada's Fisheries Minister Romeo Leblanc expects to sign an agreement in Moscow this week which would acknowledge Soviet agreement to Canadian control over a 200-mile fishing zone, AP-DJ reports from Ottawa.

In return the Soviets will be given the right to catch—under strict Canadian control—surplus fish within the zone. The agreement will be the fifth reached by Canada with an off-shore fishing country.

Jamaican tourism

Jamaica's tourist industry, hit by domestic developments and problems in its major markets, has held firm for the first quarter of the year, writes Our Kingston Correspondent. The industry, which last year brought the country Jamaican116m. (£65m.) suffered 0.4 per cent. decrease in the number of visitors between January and March, compared to the first quarter of the year last year. Hotel room occupancy over the three-month period fell by 10.4 per cent. compared to last year. This was accounted for in part by the fact that two hotels have been opened since last year. The industry has been hit and buffetted by what Tourist Board sources have been describing as negative publicity about domestic developments in Jamaica.

OPEC rise seen

The Organisation of Petroleum Exporting Countries (OPEC) Economic Commission has recommended a new rise in oil prices, the Caracas Newspaper, El Nacional, said on Sunday, AP-DJ reports. The newspaper said that the Commission's oil price increase recommendation is currently being studied by the Governments of the 13 OPEC member countries. OPEC is scheduled to meet in Bali, Indonesia, on May 28.

Japanese mission

A 13-member Japanese parliamentary mission arrived in Washington on Sunday hoping to alert American Government and public opinion about the serious political consequences that the Lockheed scandal has caused in Japan, AP-DJ reports. Members of the delegation, made up of the ruling Liberal Democrats and opposition parties, said that the scandal is turning public opinion in Japan against the Government, and it could also turn against the U.S. unless the two countries co-operate further.

The Financial Times, published daily except Sundays and holidays. U.S. subscriptions $200.00 per annum (air freight) $... (air mail) per annum. Second class postage paid at New York, N.Y.

U.S. alters payments statistics

By Our Own Correspondent

WASHINGTON, May 17.

THE U.S. Government has decided to stop publishing "overall" balance of payments figures on the grounds that they have become meaningless. In future, all the data that have gone into compilations of U.S. international transactions will be made public as before, with what the Administration considers to be some improvements.

They will not be grouped under the three best known headlines, however—the "basic" balance, the balance on "official reserve transactions" and the "net liquidity" balance. Instead, ten weeks after the end of the quarter in question, statistics will be issued under four "partial" balance sectors—merchandise trade, goods and services, services and remittances, and current account.

The current account compilation, incomplete in that it does not embrace investment and other capital flows, will be the best yardstick for international comparison.

The payments figures have been somewhat derided by Administration economists for some months. The decision to do away with them was the product of a year-long study by a committee of ten outside experts.

ELECTIONS IN COLUMBIA

Abstention rules

BY SARITA KENDALL IN BOGOTA

EVERY Colombian election brings a spate of discussion of abstentions which are usually high.

The politicians argue that Colombians have the privilege, rare in Latin America, of living in a parliamentary democracy, and they should support their country's institutions. But most of the media treated last month's 70 per cent. abstention rate lightly: the election took place on an Easter holiday, it rained in Bogotá, there was the Colombia versus Peru football match in the afternoon, and, in any case, mid-term local government elections are unexciting.

Any suggestion that the parties were unpopular or the electors alienated from the governing system was glossed over. But if the ruling parties between them can only draw a quarter of the electorate to support them at the ballot box, the Government's claim to a popular mandate is barely convincing.

Ignorance

Colombian political history provides some of the reasons for the high rates of abstention, while a society in which the majority of the population is largely bypassed by economic and social progress can hardly encourage massive participation in an electoral process dominated by two powerful establishment parties. As ex-President Carlos Lleras Restrepo, currently running for the Liberal Party 1978 candidacy, asked recently: "How can we talk of democracy if a large proportion of the population is kept in ignorance and backwardness and without freeing these people from the economic chains which make for real slavery?"

The Liberal and Conservative parties have ruled Colombia for most of the past 140 years. During the 19th century political strife was the norm, and whole villages were at times enlisted by the local *patrón* (landlord and political boss) to fight for his party. Although no real identification with Liberal or Conservative policies was established it was essential to be loyal to the predominant party in order to survive. The mutual hatreds which built up during these open civil wars persisted through a so-called 45-year peace into the mid-20th century, when the bloodiest violence of all broke out. Jorge Eliécer Gaitán, a Liberal and one of the few charismatic leaders Colombia has seen, was murdered in the centre of Bogotá on April 9, 1948. Mass rioting immediately erupted all over the city. In the five years' civil war that followed more than ½-m. people lost their lives, and "violence," as it is still called, was only partially suppressed when General Gustave Rojas Pinilla took power.

Even though Gaitán had enormous support for his anti-oligarchic policy, particularly among the urban poor who have rarely expressed their political preferences, he failed to create any organised movement. When the "violence" started, it was a stirring of party hatreds which could be manipulated by Liberals and Conservatives. Once it began to have some overt class content, the two party leaderships showed more interest in stopping the fighting. Military rule was succeeded by the National Front government under which the Liberals and Conservatives alternated in the presidency for 16 years and shared Ministerial posts.

Blamed

The National Front, with its lack of inter-party competition, is often blamed for Colombia's high electoral abstention rates. Yet the elections of the 1930s and 1940s showed rates almost as high, and it has been unusual for more than 55 per cent. to vote in presidential elections at any time. Both Liberals and Conservatives have used abstention as an electoral tactic in the past but normally the party machinery is activated to revive party loyalties. As more and more people have migrated into the cities the traditional links with the *patrón's* party have broken down and neither of the establishment parties has been able to capture the votes of the urban poor. Since Gaitán, the only person to find support in the poor villages has been General Rojas Pinilla, whose populist National Popular Alliance movement is widely believed to have been the true victors in the 1970 presidential elections—though the National Front candidate was officially declared to have won.

While vote-buying and fraud have decreased in recent years, and there have been relatively few accusations of corruption following the local elections in April, many Colombians doubt whether an opposition party would be allowed to win an election. When there has been even a remote challenge from the Left, leading dailies have played up the spectre of Chile and warned that "anti-democratic" groups must be prevented from taking power through the democratic process. Aware that a show of electoral strength would be taken as a threat to the establishment and might well cause it to clamp down on political activity, some supporters of the Left do not vote even when their candidates are running.

The 6 per cent. obtained by the two Communist groups last month, though a gain over previous elections, is hardly menacing to the Liberals and Conservatives. If high abstention rates since the end of the National Front can be attributed to a general disenchantment with the governing system, it seems curious that the opposition cannot capitalise on this and swell its share of the vote with the support of urban and rural workers. The candidates of the Left are usually little known, and the groups themselves are plagued with internal divisions and sectarianism. Apart from these problems, they, in common with all the political parties, appear unable to propose in simple language the concrete solutions to everyday issues that Colombians are crying out for. The electorate is becoming increasingly impervious to the empty promises of campaigning politicians, and its cynicism is reflected in abstention rather than in a protest vote.

Platforms

Some groups within the Liberals and Conservatives are genuinely concerned about the inability of their parties to adjust to changes in society and put forward new structures and ideas. Sr. Lleras Restrepo's "Democratisation" movement within the Liberal party is specifically intended to destroy traditional patron-client relations in the hierarchy and broadening the party's base. In particular, he emphasises the right to vote independently, without the pressures of the local *patrón* or the temptation of a free lunch. President Alfonson López Michelsen has also commented on the need to modernise party structures and replace the cult of personality with sound programmes, but in the context of strengthening the power of the State rather than increasing popular participation.

But so far there are no signs that the parties will be able to produce candidates and platforms capable of drawing of Colombians in large numbers to the polls in 1978. Perhaps it is indicative that the few organisations to have any real popular support, such as the National Peasants' Association, steer well clear of elections.

EUROPEAN NEWS

Pressure grows for Irish poll

BY GILES MERRITT

DUBLIN, May 17.

IN CONTRAST to the bland optimism this week-end of ministerial speakers at the annual conference of Mr. Liam Cosgrave's Fine Gael Party, Ireland's coalition Government is understood to be considering an early general election.

The Government is not bound to hold elections until March, 1978, five years after it was returned, but it has been widely held in official circles that Prime Minister Cosgrave will find it difficult to resist going to the country early next year. In view of the increasing pressures on his administration, notably economic ones resulting from his failure to secure from the unions the voluntary pay pause he had described as "vital," the Fianna Fail Opposition Party is redoubling its calls for an election.

The ruling Fine Gael-Labour Party coalition faces the threat of widespread strikes in the wake of the collapse of the 1976-1977 national wage negotiations. Union leaders are expected to discuss soon the salvaging of the deadlocked pay talks that would have awarded average yearly increases of 18 per cent., but the likelihood appears remote and there are fears that many of the 90 unions represented in the Republic will resort to strike action to back their individual wage claims.

In the aftermath of Fine Gael's conference in Galway, there is also the possibility that rank-and-file resentment against Mr. Cosgrave's refusal to countenance *the liberals' reforms to ease contraception* and divorce—moved unanimously by delegates—could rapidly split the party.

The Fine Gael-dominated Government is also faced with a growing national conviction that Mr. Cosgrave deliberately avoided squaring up at the conference to the increasingly serious economic situation, while Mr. Richie Ryan, the Finance Minister, surprised many with his assertion that "there is no economic crisis."

In a leading article, the Irish Times this morning said of Mr. Cosgrave and Mr. Ryan: "Few weaker, more contradictory or more vacuous speeches can ever have been made by two leading Irish politicians on such a major occasion." Returning delegates from Galway are reportedly complaining that motions to discuss the worsening economy, and the breakdown of the national pay talks in particular, were actively discouraged.

Arab-EEC meeting

BY DAVID CURRY

BRUSSELS, May 17.

THE LATEST round in the protracted "dialogue" between the Arab States and the EEC gets under way to-morrow at Ambassador level in Luxembourg. Although much of the discussion will be taken up with the detailed programmes of working groups (particularly procedures for *these groups*), *the Community* side will be hoping to survive the opening exchange of political statements without getting into diplomatic quicksands.

The Community Foreign Ministers have authorised an opening statement that marks time on the Palestinian question by simply reaffirming the EEC view that the Palestinians have "the right of expression to a national identity." This skirts round the question of calling for "a national home" for the Palestinians.

The EEC side is hoping that the opening declaration from the Arabs will not ask too many political questions. It is not ready to define what it means by a Palestinian national identity although the Germans have been talking about a Palestinian "State authority" which does not advance the issue much. It is possible that the Arab delegation, in which Palestinians may participate anonymously but without carrying national labels, may demand a Ministerial meeting, which the Community will be hard put to refuse. Other political observations the EEC is *likely simply to take home to* study.

The Community is generally on the defensive, partly because of its own mixed reactions to the whole dialogue (which some member States regard as a rather hollow insurance policy on future oil supplies) and partly because of its awareness that the U.S. regards the whole exercise with suspicion in case it queers the pitch for a political settlement in the Middle East.

New 'spy scandal' hits West Germany

By Adrian Dicks

BONN, May 17.

WEST GERMANY was shaken to-day by what appears to be a major new espionage case. A retired senior diplomat, Herr Heinrich Boex, was placed on leave of absence from his present job as head *of the Foreign Policy Department* of the opposition Christian Democratic Union, while his former secretary at the Foreign Ministry, Frau Helga Berger, was arrested.

The Federal Attorney-General, Herr Siegfried Buback, described the case as a "significant" one.

It was not known here this evening what precise information is alleged to have been fed to the East Germans. But Frau Berger was alleged to have been a member of the East German intelligence service for at least ten years.

Although only the bare outlines of the affair are so far known, it is already clear that among dozens of instances of East German intelligence activity, the present case is by far the most important to surface since the Guillaume case brought about the downfall of Herr Willy Brandt as Chancellor two years ago.

Herr Boex, who is now 70, retired six years ago from the diplomatic service. A former Deputy Secretary-General of the Western European Union, he later served as ambassador to Norway and head of the West German mission in Poland, where he played a leading part in the restoration of normal relations with Bonn.

Since 1971, he has been the head of the Foreign Department of the CDU, and among other things has been responsible for the party's contacts with fellow Christian Democratic and conservative parties in Europe. News of his arrest last Friday—he was subsequently released pending further investigations—was broken to the CDU committee by its chairman and candidate for Chancellor, Dr. Helmut Kohl, this morning.

Frau Berger, who is 35, was arrested over the week-end and is being held in custody on the orders of an examining magistrate.

USSR trails in Comecon growth

BY PAUL LENDVAI

VIENNA, May 17.

BECAUSE OF higher-than-planned economic growth rates in some of the smaller East European countries and a drop in the Soviet Union's growth rates, the overall economic performance of Comecon nations, excluding the Soviet Union was considerably better in the 1971-75 five-year plan period than that of the Soviet Union itself.

Compared to the second half of the 1960s annual growth in Eastern Europe accelerated from 6.5 per cent. to 7.8 per cent., while the Soviet rate fell from 7.8 per cent. to 5.5 per cent.

These are some of the conclusions reached by a survey of overall economic development in Comecon between 1971-75 just published by the Vienna-based Institute for International Economic Comparisons.

The institute ascribed the faster growth primarily to the unexpectedly high rates reached by Poland and Romania, which with 9.8 per cent. and 11.3 per cent. respectively were by far the highest in the area. These devlopments were influenced by *a big increase in the industrial* labour force and, from 1972, a faster-than-planned rise in productivity. Planned targets f[or] industry were over-fulfilled [in] most Comecon countries, wi[th] the significant exceptions [of] Bulgaria and the Soviet Union.

Because of the overwhelmi[ng] weight of Soviet industry, ho[w]ever, the slackening of grow[th] in the Soviet Union led to a [re]duction of the annual grow[th] rate for Comecon as a whole from 8.4 per cent. in 1966-70 [to] 7.8 per cent. in 1971-75.

In view of the deteriorati[ng] fuel situation, the long-te[rm] plans envisage a more intensi[ve] utilisation of domestic resourc[es] particularly with regard [to] nuclear energy which account[s] only for 3 per cent. of total pow[er] output. During the 1971[-75] period the Soviet Union, Pola[nd] and Romania considerably [in]creased their output of hard a[nd] brown coal. Compared with t[he] previous five-year period, c[oal] output increased in the Sov[iet] Union and Poland by 21 per ce[nt.] and in Romania by 45 per ce[nt.] But in the latter country oil o[ut]put rose only by 9 per ce[nt.] Romania, once a petroleum [ex]porting country, has beco[me] since 1974 a net importer [of] crude oil and refined products.

Work is the keynote for GDR Congress

BY LESLIE COLITT

BERLIN, May 17.

BEFITTING A country devoted to the work ethic East Germany's ninth Communist Party Congress opening here to-morrow is dedicated to improving productivity and the quality of output.

Few if any changes are expected in the Party's 16-man Politburo whose average age is now 64. Herr Erich Honecker, First Secretary of the Socialist Unity Party of Germany is expected to adopt a new title as Secretary General of the Party to conform with that of the Soviet leader Leonid Brezhnev. The Soviet delegation to the East German Congress is headed by Mikhail A. Suslov, the party secretary in charge of ideolog[ical] questions and international Co[m]munism. Mr. Brezhnev was al[so] absent from the recent Bulgari[an] and Czechoslovak party co[n]gresses. The emphasis [on] improving economic performan[ce] pervades the 1976-80 five-ye[ar] plan which is to be adopted [by] the Congress. "Work is the mo[st] important sphere of soci[al] existence," a party docume[nt] notes. Pressure is on the Ea[st] Germans, as seldom before, [in] the wake of a shift in terms [of] trade in favour of the Sovi[et] Union as the result of highe[r] Comicon prices for oil and othe[r] raw materials.

Oil damage counted

MADRID, May 17.

A TEAM of Dutch experts on Monday completed preparations to pump 20,000 tons of oil from the wreck of the tanker Urquiola which ran aground last week contaminating 60 miles of the north-western Spanish coast.

The Government, meanwhile, promised that it will carry out a programme of equipping Spanish harbours with means to combat similar future accidents.

The Spanish-owned 111,221-ton tanker ran aground off La Coruna last Wednesday and caught fire, spilling an estimated 88,000 tons of its load of Persian Gulf crude into the sea. It has blackened a coast famous of its golden sand beaches and seafood.

Experts of Smit International, a Dutch salvage company, boarded the wreck on Saturday, Sunday and again on Monday to carry out checks of the ship, and of the remaining contents of its tanks and to prepare to pump the rest of the oil into two Spanish tankers that will be moved alongside.

A spokesman for the company said the operation will probably start on Tuesday.

Commerce Minister Leopoldo Calvo Sotelo, one of two members of the Cabinet who visited the disaster site, told reporters on Sunday night that everything will be done to eliminate the consequences of the oil spill.

"There has been only one irreparable damage—the death of the Urquiola's captain," he said.

Calvo Sotelo said it was still too early to assess the damage. He said that one thing that that seemed lost for certain were the oyster beds of La Coruna bay.

City authorities have asked the Government to declare the La Coruna region a disaster zone and to grant 1bn. pesetas ($15m.) in emergency relief. Spokesmen for the region's fishing and tourism industry have estimated the damage at 4bn. pesetas ($60m.).

UPI

Madrid rally ban

MADRID, May 17.

THE SPANISH Government today banned an extreme right-wing demonstration designed to affirm loyalty to the late General Franco and repudiate efforts to change his authoritarian system.

The demonstration had been organised in Madrid by the 600,000-strong confederation of civil war *veterans for Thursday*, six months to the day since General Franco died. The Interior Ministry said it was banning the demonstration because it could disturb public order.

Political observers said the ban would certainly anger Spain's right-wing, already critical of proposed Government reforms which they claim betray General Franco's legacy. A confederation manifesto calling on Spaniards to join the demonstration had expressed surprise and indigation at efforts to change "the character and historic origin of the regime."

The ban followed clashes between right wing and left wing Carlists on May 9 on a mountain-top in the northern province of Navarre which left two people dead. The Carlists are dissident Royalists who fought for General Franco in the 1936-39 civil war. The bulk of the movement, under exiled Prince Carlos Hugo, have since joined the left-wing opposition.

The Government's decision *reflected its concern over* mounting right-wing resistance to changes such as the legalisation of political parties, except the Communists, and free elections for most seats in a proposed two-house Parliament.

King Juan Carlos travels to-morrow to the northern coal mining region of Asturias amid opposition pressure for him to seek a popular mandate in a referendum to push through reforms despite right-wing objections.

In two previous tours of industrialised Catalonia in the north and backward Andalusia in the south, the 38-year-old King has already shown himself capable of mustering popular support.

Reuter

Tashkent rocked by 'quake

MOSCOW, May 17.

A VIOLENT earthquake struck most of Soviet Central Asia today, leaving a trail of victims and damage in its wake.

Soviet officials made no specific mention of casualties but a despatch by the Tass news agency said: "According to preliminary data, the earthquake caused material damage in some places. Prompt measures are being taken to eliminate the aftermath of the earthquake and to give relief to victims."

It was not clear if the reference to "victims" meant injured or homeless, but experts said the fact that damage was caused meant the probability of death and injury was high.

Tass said the earthquake, at its epicentre west of Tashkent, registered 8-9 points on the 12-point Soviet scale. Force 8 is "destructive" when stone houses are damaged, and Force 9 is "devastating" when houses are destroyed.

Moscow Radio, monitored in London and Paris, said the earthquake caused severe destruction in several parts of Soviet Central Asia.

Experts in Moscow said casualties would depend on how close the epicentre was to populated areas.

Tass named the ancient towns of Samarkand and Bukhara, along with Gazli and Tamdybulak, as being the four built-up areas most closely affected. They lie about 240 miles west of Tashkent. The heaviest shock was felt 100 miles north of Bukhara.

Agencies

Holland hit by rising prices

BY MICHAEL VAN OS — THE HAGUE, May 17.

AN UNEXPECTED and unprecedented steep rise of 2.1 per cent. in the Dutch consumer prices index for April, a development described as "disastrous" by the trade unions, is seen here as posing a real threat to the Government's anti-inflation policy.

The setback comes on the eve of important discussions between the three social partners on the social policy for the rest of the year. In an effort to keep wages below the 9 per cent. level this year, the Government not only wants to extend the first half-year's wages freeze to the rest of the year, but it now also wants to drop the prices compensation. It has said that the additional wages restraint—all but the lowest incomes will see their purchasing power reduced as a result—will be necessary to maintain the high level of spending on State social services.

The trade union executive, which first sided with the Government, now finds itself in a very difficult position as the rank-and-file is likely to reject the Government proposals. The Government itself has warned that if no voluntary agreement is reached, an official intervention on wages is inevitable and it has already prepared the necessary legislation.

The union executive is expected to call officially for a partial prices compensation.

Earlier, the union leadership suggested as a way out that the Government could follow the recent British example by lowering taxes and social premiums and they pointed at the huge balance of payments surplus which is again expected this year. This could, however further fuel inflation this year as the amount of so-called monetary financing (inflationary) to cover this year's record Government financing deficit is already expected to be very substantial.

The Government, meanwhile, is expected to announce this week details of the proposed cut-back in the rise of public expenditure. It wants to reduce the rise of public expenditure and social provisions as part of the national income to 1 per cent. per annum. The Dutch Central Planning Bureau has calculated that if the various Government proposals succeed, wages and prices could be cut to 7.5 and 5.5 per cent. respectively, in 1977, from the expected level for this year of about 8-9 per cent. for both wages and prices.

The Socialist-dominated Cabinet will have to tread extremely carefully with its so-called 1 per cent. operation to maintain its own unity and also the support of the trade unions who have been staunch allies so far. But the employers organisations and the opposition parties have urged a more drastic reduction in the Government's expenditure as an economic cure.

Helsinki compromise

BY LANCE KEYWORTH — HELSINKI, May 17.

THE CHANCES that Finland's Prime Minister Martti Miettunen with withdraw his Government's resignation submitted on May 13 appeared to grow stronger during the week-end. Three of the five parties in the coalition Cabinet agreed to accept President Urho Kekkonen's compromise proposal—one of them, surprisingly, the Finnish Communist Party, which precipitated the crisis by withdrawing its support for the Government's proposals for higher tax rates.

In a last-minute attempt to save the Government, President Kekkonen asked the five parties whether they would continue to serve if the Finnish Communist Party was allowed to vote against a proposed increase in the turnover tax rate. This tax increase was the main issue which all but the Communist Party considered crucial to stabilise Finland's troubled economy.

The Central Committee of the Communist Party voted on Sunday to continue in office on the President's terms. The Swedish People's Party and the Social Democrats will announce their decision to-morrow. The latest developments put the Social Democrats in a quandary as the other Left-wing party in the Government. An increase in indirect taxation will be politically unpopular, yet it appears that the Communists will be able to oppose it and still remain in office. The President's proposal places the Communist Party in a privileged position, if the Social Democrats accept it, which is beginning to look likely.

EEC output increasing

BRUSSELS, May 17.

INDUSTRIAL PRODUCTION in the European Economic Community (EEC) has made further progress in recent months and the upswing now seems to have firmly established itself, the EEC Commission said in a report published to-day.

In February, the seasonally adjusted industrial production index for the whole of the EEC was 8.5 per cent. up from the low point reached at the middle of 1975, the Commission said.

The revival is due primarily to expansion in the motor industry where February's production was up 8 per cent. on the month and 24 per cent. up on the year, according to the Commission.

It also noted particularly high growth rate of production in the food, drink and tobacco industries.

Production in the chemical industry and, to a lessor extent in iron and steel is also bouyant, the Commission report said.

By contrast, activity is still relatively subdued in other raw materials and producer goods industries, in textiles, the paper and board industry.

The performance of the capital goods industry, particularly of those firms manufacturing plant and machinery, is very uneven although overall, this industry sector is experiencing a gradual recovery, the Commission said.

The improvement in building and construction as a whole seems to have gained momentum in recent months, the report added. AP-DJ

PORTUGUESE ARMED FORCES

Back to square bashing

BY PAUL ELLMAN IN LISBON

PORTUGAL'S military leadership has finally addressed itself to the problem of putting its own house in order although its political role also looks like continuing for some time.

The long African wars may have provided the impetus for the coup of April 25, 1974, which brought down the right-wing dictatorship. They also provided a kind of *raison d'etre* for the Portuguese armed forces. Finding a substitute role once the wars were over has lain at the centre of the debate between the various sectors of the military leadership.

As long as the debate was dominated by those with a more broadly political idea of the military's role, as against those who clung to the notion of an Armed Forces Movement, the discipline and effectiveness of many units plummeted. This was presented in some quarters as a desirable if not an inevitable outcome of democratisation. The effect on individual units was graphically illustrated by the collapse of the Left during last November's abortive rebellion.

Those who emerged victorious from the ruins of the revolt—the so-called "operationals" personified in the brooding figure of General Antonio Ramalho Eanes, the Army Chief of Staff—brought a more narrow conception of the armed forces to bear. Though subsequent events have given a decidedly hollow ring to talk about a "return to barracks," it nonetheless remains true that the "operationals" have a more properly military view of what kind of armed forces Portugal should have.

Recent months have seen a reaffirmation of Portuguese membership of Nato after years in which Lisbon was treated almost like a pariah, being subjected to an American arms embargo because of the colonial wars, and then being excluded from sensitive alliance bodies such as the Nuclear Planning Group because of the stridently Left-wing nature of the Government and military leadership during the first 18 months after the revolution of April 25, 1974.

Lisbon is now trying to negotiate a major equipment and training aid package with its Nato allies, offering in exchange to streamline its own armed forces into a more effective, conventional army able to make a full commitment to the alliance. In principle, Lisbon's Nato contribution is a division, or 15,000 men, but that has long been regarded as only a paper commitment.

Although final plans have not yet been officially approved, the army has already been trimmed to 38,000 men, compared with a total of 210,000 at the height of the African wars. A reorganisation plan prepared by army planners at the prompting of General Ramalho Eanes has suggested that this be reduced even further, to 26,000 men divided into two corps—the intervention corps and the territorial corps—backed by a small administrative support group. The intervention corps would be almost wholly composed of regulars and would be modelled on the commando regiment, whose 1,300 men played a central part in putting down the November uprising.

According to the plan, the intervention corps would be the heart of Portugal's Nato contribution, its men, highly trained and highly mobile like the commandos whose *Chaimite* armoured personnel carriers (a locally manufactured version of the Cadillac Gauge APC) have become something of a symbol in the political debate between Left and Right.

Approximately 20 kilometres from Lisbon, the Amadora Commandos are stationed, regrouping those back from Angola with the new recruits in training. They were photographed during a recent military assembly in the presence of Otelo de Carvalho.

The territorial corps would be more like the traditional Portuguese army, composed mainly of conscript infantrymen. Military planners in Portugal believe that there is a case for maintaining some form of conscription, if only because the army has long offset the backwardness of the educational system in a country which still has an illiteracy rate of around 30 per cent. Indeed, some officers feel that the size of the army should be fixed at 50,000 men on educational grounds.

Fitting an army of this sort into a conventional Nato slot will require more than re-organisation. Few of the younger generation of Portuguese officers have had any training in the techniques needed for a modern land war in Europe, notably in the co-ordination of infantry, artillery, and armour. This reflects the fact that from 1960 onwards the emphasis was placed overwhelmingly on producing infantrymen while artillery was largely used for static defence of jungle base camps. Changing from one technique to another also lies at the heart of plans for the air force which, it is suggested, will eventually be brought down to around 8,000 men, including the paratroops who remain an air force responsibility.

The paratroops have been heavily purged for their part in leading the November uprising and only a little over 100 are currently under arms. Nevertheless, the unit is expected to be rebuilt from veterans who returned to civilian life only to find that in Portugal, as elsewhere, lengthening dole queues are the most effective recruiting sergeant.

The Portuguese air force is hoping to replace its present Fiat G-915 and squadron of veteran Super-Sabres with a modern fighter bomber capable of allowing it to play a close ground support role for the army.

At the same time, Lisbon's decision to extend its territorial waters to 200 miles will provide the air force with a long range ocean patrol duty, particularly since the decision includes the waters around Madeira and the Azores. The air force is reportedly hoping to arrange terms which would enable it to acquire the Lockheed Orion coastal patrol aircraft.

The navy, currently with 12,000 men, including 3,000 marines, is likely to go down to a total of 10,000. It too, needs new equipment but finding it is likely to prove more difficult than in the cases of the army and air force.

All Nato members have expressed an interest in helping Portugal rebuild its armed forces but only two—the U.S. and West Germany—have anything like the financial means to offer Lisbon the credit terms that it will need. It is understood here that the lion's share will fall to West Germany, if only because of the important role Bonn already plays in supporting other areas of Portuguese life.

The poorer Nato countries, including Britain, are expected to restrict their role to offering staff courses for Portuguese officers and other training assistance.

No sum has yet been attached to the aid programme since most of the present negotiations are intend to establish roughly what might be available globally before precise details are thrashed out. The Portuguese are particularly anxious that new equipment should come from as narrow a range of sources as possible in order to avoid costly maintenance overheads.

In the meantime, the military leadership is determined to prove its eagerness to play a full Nato role, for example deploying Portuguese ships in the recent Open Gate 76 Nato manoeuvres around the western approaches to the Mediterranean in conjunction with vessels from seven other countries. The Nato flotilla steamed into Lisbon without incident this month. A year ago the arrival of a similar force sparked off mass demonstrations against the alliance.

OVERSEAS NEWS

Arab youth shot dead as riots sweep West Bank

(West Bank), May 17.

A 20-YEAR-OLD Arab resident of a Palestinian refugee camp near Jerusalem was shot dead during anti-Israeli riots which swept the occupied West Bank of the Jordan to-day.

The youth, Abdala Mustafa, was shot when Israeli troops broke up a violent demonstration by 200 residents of the Kalandia refugee camp near Ramallah, north of Jerusalem, Israeli sources said. An immediate investigation was opened.

Farther north in Nablus, the largest town in the West Bank, virtually the whole town joined in street disturbances to-day in protest against the shooting of a 17-year-old girl yesterday.

Riots were also reported in the West Bank towns of Jenin and Tulkarem.

The military spokesman later said the Arab youth was shot when an angry crowd attacked a lorry travelling on the Jerusalem-Ramallah road.

They blocked the road and threw stones at the truck, smashing windows and threatening the passengers, he said. Two soldiers inside fired shots in self-defence.

Slogans

Israeli troops used water cannon to break up the demonstrators in Nablus who threw stones at Israeli forces and shouted slogans like "murderer." A curfew was imposed on large parts of the town.

Troops and border police were rushed into the towns and villages in the northern sector of the West Bank in a show of force to try to prevent disturbances following the death of the girl, Lina Wabulsi, a member of a prominent Nablus family and an active nationalist.

According to Israeli authorities, Lina Wabulsi was shot accidentally by a soldier chasing stone-throwing youths yesterday. But residents of the house where she had taken refuge said she was shot by a burst of fire from the soldier. Before her burial, reporters saw the body with two bullet wounds in the head.

The Chief of Staff, Lieutenant-General Mordechai Gur, is personally heading the investigation of the incident.

Reuter

Israel feature Page 14

Vorster will not resist SWAPO presence at Namibia talks

BY JOHN STEWART

CAPE TOWN, April 17.

THE SOUTH AFRICAN Prime Minister, Mr. John Vorster, said in Parliament here to-day that if the South West Africa (Namibia) Constitutional Conference invited the participation of the South West Africa Peoples' Organisation (SWAPO) to join in the talks he would not interfere.

The statement goes further than any previous Government pronouncement in recognising the importance of SWAPO in Namibia, but Mr. Vorster simultaneously phrased it with heavy qualifications. It comes within days of the death sentence being passed on two SWAPO members, convicted under South Africa's own Terrorism Act, which seems certain to impede previous tentative moves to involve the Organisation in the talks.

Mr. Vorster recounted his version of a conversation he had with U.S. Senator Charles Percy in Cape Town on April 23 this year.

Asked by Senator Percy whether he would be prepared to invite SWAPO participation in the talks, Mr. Vorster had replied that the Conference had not been arranged by South Africa. It could therefore not invite people to take part in it, nor exclude anybody from it. "The Conference was being arranged by the representatives of the various peoples without any interference by or directives from South Africa."

In reply to a question whether he would be opposed to SWAPO being invited to the talks by the Conference itself, Mr. Vorster's reply had been that he would not like it, "since I would not negotiate with SWAPO, because SWAPO, as far as I was concerned, had been conceived and born in Communistic sin in Cape Town in the late fifties, because it had been founded by four white Communists, because SWAPO did not represent South Africa and because its leader, Sam Nujoma, was neither an elected nor natural leader of South West Africa or any of its peoples."

The Senator had thereupon asked whether, in the event of the Conference deciding of its own accord to invite SWAPO, Mr. Vorster would nevertheless forbid its participation. Mr. Vorster had reiterated that the Conference decided on its own procedure, that whom it invited was its own business, "and that I would not interfere even if it acted in a manner with which I did not agree since I consistently adhered to my standpoint that the various peoples should work out their own future without any interference from South Africa, the United Nations or anyone else. I also pointed out that SWAPO was but one of many political parties in South West Africa, and that it was for the conference itself to decide whether it wished to invite political parties to participate in the talks."

On Rhodesia, he had told Senator Percy that South Africa was not involved in the internal dispute between white and black Rhodesians, that South Africa had not been invited by Rhodesia to get involved in the dispute "and that it was of fundamental interest to Southern Africa that no one should fan the fires that could lead to an escalation of violence in Southern Africa."

Our Foreign Staff adds: The European Community has appealed to Mr. Vorster to spare the lives of the two SWAPO members sentenced to death last week in Swakopmund, the national organiser Aaron Mushimba and Hendrik Shikongo.

● South Africa will confine any military intervention in Rhodesia to a humanitarian rescue operation to prevent a "Congo-like bloodbath." Government officials said at the week-end in Johannesburg, reports UPI.

In a clarification of an earlier statement by Secretary for Information, Eschel Rhoodie, that Pretoria will not bail out Premier Ian Smith's white minority regime, Department officials said intervention would be limited to organising the evacuation of refugees.

President Kenneth Kaunda of Zambia said yesterday that he would support outside military assistance for Rhodesia's African nationalist guerillas if South Africa intervened militarily in the dispute, our Lusaka correspondent writes. He added that a conflict of major powers was looming in southern Africa, in which the states of the region would be pawns in the power game of nations intent on world hegemony.

Over 7,000 arrested, says India

NEW DELHI, May 17.

MORE THAN 7,000 people have been arrested in an intensified drive to stop the circulation of clandestine literature opposing India's state of emergency, the Minister of State for Home Affairs, Mr. Om Mehta, said to-day.

He told a meeting of his Ministry's parliamentary consultative committee that 34 printing presses had been seized, the Indian News Agency Samachar said.

Tens of thousands of people have been arrested under the emergency imposed last June but the Government has issued no precise figure.

Mr. Mehta and Home Minister Brahmananda Reddy told committee members the Government would not relax its vigilance on the activities of elements seeking to frustrate the emergency.

Mr. Mehta said India was wedded to democracy and that the Parliament and the Supreme Court were functioning with full freedom. He denied a suggestion that corruption, slackness and high-handedness had increased in the police force during the 11 months of the emergency.

He said more than 5,124 policemen from constables to senior officers, had been retired to weed out the corrupt and inefficient.

Mr. Mehta added that greater attention was also being paid to eliminate corruption in departments such as the railways, tax and supplies.

Reuter

AP-DJ reports from Calcutta: The Bangladesh march protesting about the Indian dam project on the Ganges River resumed yesterday morning toward the Indian border, Bangladesh Radio reported.

Some Indian newspapers reported that disorder developed on Sunday at the marchers camp but the Radio Bangladesh morning broadcast denied there was any disorder among the thousands of marchers led by 95-year-old nationalist Maulana Bhashani.

● Iqbal Mirza writes from Karachi: Prime Minister Zulfikar Ali Bhutto of Pakistan has said that the India-Pakistan agreement signed on Friday had cleared the decks for negotiations on the Kashmir issue.

Big Iran gas find

NEW YORK, May 17.

A NATURAL GAS deposit estimated at more than 180 trillion cubic feet reportedly discovered in the Gulf off Iran could be one of the largest gas fields in the world.

Quoting Japanese petroleum industry sources, the Japanese newspaper Asahi, said over the week-end the gas deposit was discovered by Kangan Liquefied Natural Gas of Iran and confirmed by Degolyer and MacNaughton, a Texas-based engineering concern.

According to one source familiar with the project and the Degolyer and MacNaughton report, the discovery is potentially the world's largest single oil field.

However, he cautioned that the reserve estimate is preliminary. "There are two wells down and two wells being drilled. The figure of 180 trillion cubic feet is based on what we know so far and it assumes that what we've seen in the first couple of wells will continue through the rest of the field."

Asahi said the deposit is five miles off the Iranian coast, 11,600 feet below the sea bottom.

Kangan Liquefied Natural Gas was established in 1974 and is owned 50 per cent. by National Iranian Gas, Iran's State gas concern, the rest by overseas interests.

AP-DJ

Communists in Thai raid

BANGKOK, May 17.

COMMUNIST guerillas killed 15 people during a raid on a training camp in one of the biggest guerilla attacks in southern Thailand this year. Government officials said to-day.

The 100-strong raiding party burned the bodies killed in the fighting—the dead were said to include four children and two women—and then gutted the camp, according to newspaper reports. Ten people were reported wounded.

The attack, latest in a series in southern Thailand this month, was made on a camp in the remote Than Sala area of Nakhon Sithammarat Province 750 miles south of here early yesterday. Newspapers here described the raid as a massacre.

The camp was one of several in south, north and north-east Thailand where the Government trains volunteers for its village defence programme. The volunteers supplement regular army and police patrols in guerilla areas.

The attack took the camp of about 30 volunteers and 15 soldiers and their families by surprise.

They fought back for about two hours before the guerillas broke into the camp and forced the defenders to retreat into the surrounding jungle. The raiders seized more than 100 guns.

A few hours earlier, further south in Yala Province, near the Malaysian border Thai Moslem separatists mined a railway track and disrupted rail traffic for several hours.

Reuter

Tax indexation for Australians

The Australian Government has decided to introduce a new income taxation system by which money wages, for tax purposes, will be discounted for the effects of the previous year's inflation as measured by the official consumer price index, reports Kenneth Randall from Canberra.

Tax indexation, as it is called, will operate from July 1 and the Government is understood to be considering similar measures for taxing company incomes.

The decision, as currently understood, is likely to mean a discount of more than 13 per cent. for taxpayers. It had been expected that tax indexation would be introduced in stages because of its cost in terms of revenue forgone — currently about $A1,200m. (about £804m.) in a full year. The Prime Minister, Mr. Malcolm Fraser, last night made it clear that there would be drastic measures to offset the income lost by introduction of tax indexation.

Japan-Cuba talks

The Cuban Deputy Premier Carlos Rodriguez arrived in Tokyo yesterday for talks to promote Cuban trade and economic relations with Japan, reports AP-DJ.

His five-day visit follows a six-day visit to Japan by Emiliano Lezcano Viqueria, managing director of the Cuban Sugar Export Corporation, Cubazucar.

Lockheed probe

Officials have begun investigating possible tax evasion by about 20 top Japanese Government officials and Members of Parliament suspected of having received payments from Lockheed, the newspaper Asahi Shimbun said, AP-DJ reports.

The paper said the Tokyo tax bureau "has listed about 20 former Cabinet Ministers and Government officials plus some Opposition politicians suspected of having received Lockheed payoffs."

Steel dispute

Israel's only steel factory, half-owned by West German interests, was partly closed yesterday by a labour dispute, AP-DJ reports.

Officials of the Israel steel mills at Akko said the melting department was shut down after a workers' protest on Sunday, and 60 tons of molten steel had to be poured on the ground.

Workers at the mills known as Steel City, for weeks have been refusing orders to transfer from the rolling mill to the foundry.

Syrian role in Lebanon under heavy pressure

MAJOR ABDEL Salam Jalloud, the Libyan Prime Minister, arrived in Beirut yesterday for talks with the Left-wing leader Kamal Jumblatt after meeting Syrian President Hafez Assad and Palestinian leader Yasir Arafat in Damascus.

His visit is seen as an attempt to patch up differences between the Syrians and the Lebanese Left-wing and the Palestinians. It coincides with hints that the Lebanese Christians may be moving away from a Syrian-imposed solution to the Lebanese crisis towards a pan-Arab one.

There are also reports that President Assad is having to impose severe restrictions on the Syrian Communist Party, which is part of his National Front coalition, because of its opposition to his policy in Lebanon. There have been unconfirmed reports from the Syrian capital that the Communist Party has suspended its membership of the National Front. This is increasing the pressure on Syria to reach an agreement with the Palestinians and the Left wing in Lebanon.

Major Jalloud yesterday met the Grand Mufti of Lebanon, Sheikh Hassan Khalid, but it was not known if he would meet President-elect Elias Sarkis, who was conferring with the incumbent President, Mr. Suleiman Franjieh, at the latter's headquarters near the Christian port of Jounieh.

Meanwhile, the heavy fighting which began in Beirut on Sunday appeared to have spread to the mountains behind the city where rival militia bands were reportedly suffering serious casualties.

PRESIDENT ASSAD
Week-end meeting

Ten Palestinian children were killed and 30 wounded yesterday at the refugee camp of Tal al Zaatar in the eastern suburbs. A shell fell on the local kindergarten.

Overnight, more than 1,000 rounds of Soviet-made rockets and 155-mm. Howitzer cannon shells were reportedly fired, knocking down dozens of buildings in Beirut's Moslem and Christian areas.

On Sunday a shell fell at a cafe at the Palestinian quarter of Sabra killing a number of people and wounding many others. The largest number of casualties on Sunday was when a shell hit a Moslem crowd leaving a cinema at the western quarter of Mazraa.

With the Lebanese Right and Left further apart than at the time of Mr. Sarkis's election nine days ago, and with the fighting increasing, the Syrian role in the crisis appears to be in eclipse, and there is renewed talk in Beirut about a pan-Arab or international approach to the crisis. Dr. Lucien Dahdah, a former Foreign Minister and now foreign affairs advisor to Mr. Franjieh, is visiting Paris to investigate the possibility of France's playing a bigger role in the crisis.

The French Government's special envoy, M. Georges Gorse, is expected in Beirut soon on his third mission to Lebanon this year. France has reportedly hinted that it would be prepared to send military observers to help maintain law and order should a Lebanese authority request it. France is said to be more ready to act on a call from the President-elect than from Mr. Franjieh.

A statement issued by Mr. Franjieh's office on Sunday categorically denied that Mr. Franjieh would step down after a new Head of State had been elected. This is seen as a snub to the Syrians, who are thought to have pressed for the election of Mr. Sarkis in return for the resignation of Mr. Franjieh and to have seen Mr. Sarkis as a means of retaining their influence in Lebanon. Both the Palestinians for whom Syrian intervention has been counter to their interests, and the Left-wing now seem to prefer a joint Arab role in Lebanon, if they cannot regain Syrian support.

If the Right-wing in Lebanon turned away from Syria it would be a serious blow to President Assad, who would want to contain the Palestinians while controlling the destiny of Lebanon. But there are indications that because of the weakness of his position, with a large, clandestine Syrian military presence in Lebanon, he has come under pressure to settle with both the Left-wing and the Palestinians. The pressure is thought to have come from the Soviet Union, which has also expressed its annoyance with Syrian measures to curb the Communist Party.

HOME NEWS

Economy moves boost Post Office finances

BY DONALD MACLEAN

THE POST OFFICE has improved substantially on profit and loss targets for 1975-76.

A surplus well over £100m. is understood to have been earned on telecommunications, while on postal services the Government has apparently had to finance a deficit of only £25m.

The telecommunications surplus, which may have been about £150m., compares with the £80m. surplus projected after the autumn increases in charges. The apparent postal deficit compares with an earlier forecast of £70m.

The Post Office accounts for the year are due in July.

Behind the relatively strong financial performance are internal economies and a buoyant demand for Post Office services in spite of recent substantial increases in charges.

The Post Office made economies of £33m. in telecommunications and £35m. in postal services in the calendar year 1975. These offer a rough guide to the level of economies in 1975-76.

The turnover on telecommunications business has been estimated unofficially at £2bn., against £1.4bn. in 1974-75.

The increased profits on this side of the business may enable more of the Post Office's capital investment programme to be financed from revenue, rather than borrowing. In 1974-75, borrowing financed 60 per cent. of the telecommunications capital programme.

● The Confederation of British Industry said yesterday in evidence to the Carter Committee inquiring into the Post Office that management of postal services should be separated from telecommunications.

Ashley Ashwood

Mr. Hugh Scanlon, president of the AEUW, speaking at the union's conference at Scarborough yesterday.

ICL plans to move projects from U.S.

By Christopher Lorenz, Electronics Correspondent

INTERNATIONAL COMPUTERS is to shift manufacture of two product lines from the U.S. to Britain, it announced yesterday. The move will be made early next year, and could provide several hundred additional jobs.

Rights to the products, the System 10 computer system and the 1500 intelligent terminal, were taken over as part of ICL's purchase of Singer's non-U.S. business machines activities.

Since March, when the purchase was announced, ICL has been assessing the Singer products in order to decide whether to continue to sell them.

They are now being made at the former Singer plants in New Mexico and Connecticut, which ICL did not buy.

The number of jobs to be created in the U.K. is still uncertain. This depends on several factors, including whether ICL can hold or increase sales of the two products, which totalled about £50m. last year.

The production build-up could also be used to offset any reduction in labour elsewhere in the group: ICL still has a lower output per man than several of its competitors.

Apart from the promise of more jobs, continuation of the two product lines should strengthen ICL's position at the bottom end of the computer market, which is growing much faster than the middle and upper end.

ICL has decided that the overlap between its own smallest system, the 2903/20, and the System10 is less than expected.

The decision to continue with the 1500 terminal was more obvious since this considerably broadens the company's offering to the market for "distributed processing," the geographic distribution of computer intelligence, by contrast with its traditional concentration in large central installations.

Technical Page—Page 11

Hull Docks traffic up

TRADE through Hull Docks has risen by more than 100,000 tonnes so far this year to 1.7m. tonnes, compared with the corresponding period last year.

Passengers using the port are up 30,000 to more than 93,000. Last year total trade fell by 8,000 tonnes to 372,000.

Row looms over £24 television licence

BY ARTHUR SANDLES

A ROW over the financing of the BBC is likely in the next few months as the corporation marshals its case for an increase in the colour television licence fee from £18 to £26-£28 next year.

A licence fee of this size is likely to provoke considerable protest because of the implications for low income families.

The BBC said last night that it was preparing its arguments, but would not give any firm figures. However the increased fee required to maintain the present services would be "substantial."

Awkward

It seems likely that the corporation will face the Government with an awkward choice. A £27-plus licence fee may be sought with the object of restoring the cuts that have been made during the recent economy drive (consolidation of Radios 3 and 4, more TV repeats, and reduced programme budgets among them).

The BBC might then grudgingly settle for perhaps £26, keeping the service as it is.

A 26 annual fee might appear too high a burden for many people in the present economic circumstances and a response of "let them view monochrome" might also be regarded as political paternalism.

The Government has already been criticised for allowing the colour/monochrome gap to widen too much. The present monochrome fee is £8 and has been kept low deliberately so that pensioners should not be robbed of their viewing.

One result of this has been that potential colour sets sales have been diverted to monochrome, although the British television set industry is geared towards colour production.

Too low a monochrome fee hits the manufacturers and also, incidentally, the BBC, which needs a high level of colour sales to produce additional revenue.

British Steel gives top post in Wales to ex-Yorks man

BY ADRIAN HAMILTON

THE BRITISH Steel Corporation yesterday announced the formal appointment of Mr. P. D. Allen, director of its problem-ridden Port Talbot works as managing director of its new Welsh Division with effect from June 1.

Ironically, the appointment of Mr. Allen a former United Steel Company executive, comes at a time when a report by the Welsh Labour Party bitterly criticises the dominance of Yorkshire United Steel men in Wales since nationalisation.

The draft report, prepared for a Select Committee investigation into British Steel, represents an unusual regional party step in submitting evidence in this way.

Reflecting widely-held opinion among the unions and some customers of British Steel in South Wales, the brief report contains a stinging attack on the corporation for consistently introducing outsiders into Wales and for the way in which, according to the authors, central management has become divorced from local conditions in Wales.

It says that senior management of the strip-mill and tinplate plants of South Wales has almost exclusively been drawn either from head office with little practical experience of plant conditions or from the old United Steel companies of Yorkshire, with what is described as an arrogant attitude to local problems.

Far from improving the situation, the new management structure would actually make it worse by its separation of regional production from central decision-making on prices and production scheduling.

The report also urges a more flexible and more profit-conscious policy of investment by British Steel, and with some contradiction, calls for the immediate implementation of the Port Talbot investment programme as a separate issue to the continuance of steel-making at Shotton.

British Steel yesterday declined to comment on the draft report, which it has yet to see. But on previous occasions, it has tended to dismiss criticism as merely showing how regional loyalties still survive and provide obstacles to the development of a national state steel industry

Nevertheless the report undoubtedly reflects the lack of morale and serious underlying problems which exist in Wales and which Mr. Allen—who is incidentally more respected in Wales than some of his predecessors—has to face.

The report also reflects some of the criticisms being made of the new British Steel structure, which replaces product-based profit centres by a regionally-based production management overlain by a series of separate, London-based units to manage sales and production scheduling.

Unilever man picked as NEB planner

BY MARGARET REID

A NEW senior post of director of planning has been created at the National Enterprise Board, the State-financed body which has shareholdings in a range of companies including British Leyland, Rolls-Royce (1971) and several smaller concerns.

The appointment has gone to Mr. Maurice Marks, aged 47, head of the economics and statistics department of Unilever. He will join the Board at the beginning of August.

The Board, whose chairman is Lord Ryder, said yesterday that Mr. Marks would be concerned with developing the strategy and corporate plans of the Board.

This would be in the context of the Government's general industrial strategy and the work which was proceeding under the auspices of the National Economic Development Council.

Mr. Marks is also to advise Lord Ryder and the Board on the wider economic aspects of the corporate plans of Board companies and of major proposals for investment.

Town and City makes £30m. Rotterdam deal

BY QUENTIN GUIRDHAM

TOWN AND CITY Properties has completed what is probably the largest ever property sale in Holland.

The municipality of Rotterdam has paid the British group about £30m. for two twin office towers, totalling 726,000 sq. ft. for its own use.

About £4m. of the price will be paid in taxes, making the value of the deal to Town and City £25.6m. The book cost of the company's interests was £21.9m.

The two buildings, known as Europoint 2 and Europoint 3, are in Marconiplein. One tower has been available for letting for more than a year, but little of the space was taken.

Mr. Jeffrey Sterling, Town and City's chairman, said yesterday that large blocks had threatened to be difficult to dispose of. He was impressed by the speed with which the municipality had gone through with the acquisition after the council had voted in favour of it.

It had been assumed that Town and City might make a large loss on the buildings, but this was not so.

Most of the proceeds have gone to pay off the short-term Dutch guilder loans financing the development.

Other foreign debts could also be repaid, so that Town and City's exposure, due to the weakness of sterling, would be reduced while its general aim of cutting gearing was continued.

Development cash sought

DOXFORD ENGINES, the State-owned marine engineering company, is to ask for more State aid to develop the Seahorse engine. So far the Government has contributed £350,000 of the £2m. costs.

The company, which has developed the engine with Hawthorn Leslie, wants to carry out research on a large version of the Seahorse and the possibility of burning poorer fuels. The two firms have still to win their first order for the Searhorse.

Anti-inflation drive begins

By Our Midlands Correspondent

A NEW counter-inflation campaign, Working Together Against Inflation, was launched in Birmingham yesterday by a group of nationally-known companies. It has been introduced at Teacher's whisky bottling plant in Glasgow and is used by engineering employers' associations in the West Midlands and Bristol.

The campaign involves all levels of the industrial population through participation in a training programme explaining the myths, misunderstandings and roots of inflation.

Register for journalists proposed by IOJ

A PLAN for a journalists' register was proposed yesterday by the Institute of Journalists in evidence to the Royal Commission on the Press.

"The plan would have many of the advantages of the closed shop — though not, of course, in an industrial sense," said Mr. Bob Farmer, the institute general secretary.

Under the scheme, all members of the IOJ and the National Union of Journalistst would automatically be included—together with anyone else who could satisfy a Board on elegibility for membership of these organisations.

The Board would also act as a disciplinary agent for maintaining professional standards — members who had complaints upheld against them by the Press Council and then by the Board could be removed from the register.

Mr. Farmer admitted that it was likely to be opposed by the NUJ who, he said, were likely to press for an ordinary closed shop.

Mr. Tony Chater, editor of the Morning Star, told the Commission that a closed shop, far from being an "affront" to freedom, would help defend it. Much of the discussion about a threat to Press freedom was "a lot of cant."

Mr. Chater said that he believed an editor would still be appointed by the Board, and not the union, and would be better able to resist pressure from a newspaper's owner if he were a member of the Naional Union of Journalists.

The discussion had "much more to do with making a last-ditch stand on the closed shop principle than with the freedom of the Press."

HOME NEWS

Category 3 companies cut prices by £7m.

By Elinor Goodman

BRITAIN'S SMALL companies had to cut their prices by £7.06m. last month to wipe out profits defined as excessive under the Price Code.

The companies concerned were all classified as Category Three businesses, which do not have to notify the Price Commission of proposed price rises, but are still expected to keep within the rules of the Price Code.

The excess profits were disclosed by the investigations of the commission's regional offices. The figure was considerably higher than in recent months, because, with fewer special investigations to work on, the regional offices had more time for routine inquiries.

By far the largest number of Category Three companies making excess profits were among distributors. In all, 202 distributors had to make price reductions as against 44 manufacturers, 47 service enterprises, nine professional firms and six construction companies.

A further 16 notifications for price increases from Britain's largest companies were turned down last month, among them applications from ICI, Monsanto and Kraft Foods. Another 38 notifications were withdrawn while 69 price rises applied for were cut by the Commission.

Ninian pipeline may carry oil from Heather field

BY RAY DAFTER, ENERGY CORRESPONDENT

UNION OIL of California is expected to decide on the method of exploiting its Heather oilfield within the next two months.

The field is due to start producing oil in 1978 from a platform being constructed in Ardersier, Scotland.

It is not known yet whether the four-company group, led by Union Oil, will decide to ship the oil ashore in tankers or will feed the crude through British Petroleum's Ninian pipeline to Sullom Voe in the Shetlands.

It is thought, however, that the pipeline route will be chosen. Union Oil is discussing possible arrangements with BP.

Not committed

The Union Oil group has spent at least £2m. on adapting the platform to give it flexibility in development. This step was taken partly as a result of concern about delays at the important Sullom Voe terminal.

The group expected to use the Ninian pipeline, but had second thoughts when a dispute between the oil industry and the Shetland Islands Council looked like delaying the Sullom Voe project.

Although Union Oil investigated the possibility of using the tanker-loading method of exploitation, it has not committed itself to ordering offshore loading facilities.

The field, which has an estimated 150m. barrels of reserves, should be producing at the rate of 25,000 barrels a day by the end of 1978. By 1979 it should be at peak production of 50,000 b/d.

Although the Ninian Field is being developed by Chevron, the pipeline is to be operated by BP which has a stake in the Ninian reserves.

The pipeline, with 1m. b/d capacity, was deliberately planned with excess capacity to accommodate oil flows from other reserves. Ninian, for example, is expected to produce 310,000 b/d in the early 1980s.

Union Oil's renewed interest in the pipeline stems from the fact that the industry seems more hopeful of reaching a solution about storage facilities at Sullom Voe, a point made by Shell recently.

Long tow

Other interests in the Heather Field, on block 2/5 of the North Sea, are: Skelly, Tenneco and Norwegian Oil.

● The start of the longest tow of a North Sea production platform is due to begin to-day when the Frigg Field TP1 concrete platform is expected to leave Loch Fyne, Argyllshire, on the start of a 900-mile voyage.

The 180,000-ton gas treatment platform, was designed and developed by Sea Tank of Paris for Elf Norge. It was constructed by Sir Robert McAlpine and Sons at a total cost, when finally positioned and completed, of over £60m.

GOVAN SHIPBUILDERS

A £50m. order boosts morale

BY JOHN WYLES, SHIPPING CORRESPONDENT

"WE ARE USED to crises here. I would hate to work for a more successful company, it must be awfully boring." Jimmy Airlie's laconic comment on the switch-back experience of working for Govan Shipbuilders would be echoed by most workers at Britain's other shipbuilding groups.

But Airlie, shop stewards' convener at Govan, could be forgiven the note of satisfaction in his voice on Thursday as the yard celebrated winning a £50m. order for six ships from Kuwait. The order removed the prospect of redundancies at the company's Govan and Scotstoun yards at the end of the year.

It would have made very little difference to the celebrations at the State-owned yard if the 3,600 workers had been told that their new business owed as much to the Government's willingness to underwrite possible losses on the contract as to the quality of ships produced at Govan, formerly part of the ill-fated Upper Clyde Shipbuilders.

Without significant productivity increases, possibly amounting up to 25 per cent., Govan is unlikely to make money on the contract. On present productivity performance, it could add losses of between £5m. and £10m. to the £65m. already poured in by the Government since the collapse of UCS.

Pressure

Realisation that the Exchequer was again standing behind Govan has quickly travelled the 20 miles down the Clyde to Scott Lithgow, whose 8,600 workers are due to be brought under the State umbrella when the shipbuilding industry is nationalised in a few months.

A meeting between the financially troubled Maritime Fruit Carriers and its bankers in a fortnight could determine whether Scott Lithgow will build the second ship of an order for two large oil tankers placed by the Israeli American company three years ago.

If, as is quite likely, the order is cancelled, the Government will be under pressure to extend its policy of hidden subsidies to the industry in general and to Scott Lithgow in particular.

The Greenock-based company could face job cuts unless it finds a substitute for the MFC order and a purchaser for a £30m. drill-ship after the withdrawal of the original buyer.

With new orders so hard to come by, management and workers at Scott Lithgow appear ready after nationalisation to modify their traditional sense of independence and to seek Government backing to preserve jobs.

Having developed in recent years a keen pride in the fact that the company first managed to resist all pressure to join the ill-fated UCS group and then maintained profitability without going to the Government for more than a £3.5m. grant and a £1.4m. loan, the growing mood now is "what is good for Govan must be good for us."

Govan's shrinking order book has been closely monitored by the Department of Industry which agreed a few months ago to a reorganisation of the company's shipbuilding programme to avoid lay-offs this summer.

Without new orders, redundancies would have been unavoidable at the end of the year and the efforts the Government put into chasing the Kuwaiti business showed Ministers' desire to avoid giving any such political advantage to Scottish nationalism.

Mr. Callaghan, as Foreign Secretary, is said to have made a strong personal impression on Sheikh Jaber al-Ahmed, the Kuwaiti Prime Minister, during trade talks in November.

Govan was invited to tender for the ships and the contract was so important that the Department of Industry drafted in Mr. J. Graham Day, chief executive designate of British Shipbuilders to strengthen Govan's negotiating team.

Jimmy Airlie and his colleagues are not particularly worried about losing money on the Kuwaiti ships. More important to them is the fact the jobs are now secured well into next year and Govan has more time to prove, in Airlie's words "that we can be as efficient as any yard in Europe."

Govan believes it has already done enough to live down the UCS record through industrial relations agreements bringing all trades together on to a joint negotiating committee for pay and making jobs interchangeable, which, it is claimed, is a more comprehensive deal than can be found elsewhere in shipbuilding.

Significant

Notwithstanding these moves, progress on improving productivity has been slow, although a £25m. yard modernisation programme must take some of the blame for disrupting production.

Significant productivity increases have only just started to come through, after more than two years of commitment to better output by the workforce and of exhortation by management.

Now building eight ships a year, Govan's target efficiency would be reached on an output of 12, but a much healthier shipbuilding market might be needed before Govan feels confident enough to try to eat up its future work at such a rate.

Two of the 23,200 deadweight tons cargo liners built by Govan Shipbuilders for the Kuwait Shipping Company.

Shipyard men lose jobs as orders end

ANOTHER 80 men will be made redundant at the week-end after the launching yesterday of the last vessel on the construction stocks of the Drypool group of Humberside shipbuilders at Beverley.

The group has been managed by a receiver since September. Although the company's Selby shipyard has been successfully taken over by the United Towing Company of Hull, the future of the Beverley and Hull shipbuilding interests is still in the balance.

Eighty men will continue to be employed at the Beverley yard until September, when they, too, will lose their jobs unless the receiver can find a buyer.

Blue Funnel starts direct Mersey to Jeddah service

BY JOHN WYLES, SHIPPING CORRESPONDENT

THE REMARKABLE expansion this year of container and roll-on roll-off services to the Middle East is continuing with the departure from Merseyside of a Blue Funnel ship direct to Jeddah, Saudi Arabia's main Red Sea port.

Blue Funnel's inauguration of monthly sailings to Jeddah is the third major unit load service to the Arab port from Britain announced since February.

Container priority

In all cases the ship operators claim that their services are the best way to beat the congestion at Jeddah, which for normal cargo ships can be anything up to 150 days.

Container ships have a priority at Jeddah, if they can discharge their entire cargo within 24 hours.

The new service will operate direct between Ellesmere Port and Jeddah without intermediate calls.

A ro-ro ship capable of carrying 113 containers of 20 feet has been chartered from Sea Containers, the U.K. container-leasing and shipowning company.

This will be the second Sea Containers ship chartered for the Jeddah service. The first was the Jeddah Crown, which Cunard is sailing from Felixstowe to Jeddah and Aqaba.

The Swedish Brostrom Group is due to start a container service from Scandinavia to Saudi Arabia via Britain. Initially two ships will sail between Tilbury and Jeddah via Rotterdam. Cargoes from Scandinavia will be carried to Tilbury by a feeder service.

About 50m. tons of good coal found

THE NATIONAL Coal Board yesterday confirmed that it had found about 50m. tons of good quality coal at workable depths, near Thorne, Doncaster.

A £500,000 exploration programme has not been completed yet, but Coal Board prospecting teams have proved the High Hazel seam at about 5 feet thick and a "virgin" belt of the Barnsley seam up to 7 feet thick in the area between Yorkshire and Humberside.

Surface bore holes and underground boring from roadways of the former Thorne Colliery, abandoned in 1967 but kept "in mothballs," are being used to map out the coal.

Mr. Jack Wood, the Board's Doncaster area director, said: "It would appear that there is scope for additional productive capacity in this area, but a decision cannot be made for some time yet as further proving and investigation has to be carried out."

Prospects

Two surface bore holes, at Swinefleet and Crowle Common, will be sunk to examine long-term prospects of working a colliery.

The coal is between 2,300 feet and 2,800 feet deep, well within the Board's present mining capability. Mr. Ron Goossens, Coal Board Yorkshire geologist, described the coal as uniform in thickness and very clean.

The find is regarded as important for the medium- and long-term future of mining in Yorkshire. It is near the major power station concentration and extends the present Doncaster coalfield well to the east.

The Yorkshire miners union is already pressing for major colliery developments to tap these reserves as well as others in the Barnsley area.

Docks Board takes on 700 Hull workers

NEARLY 700 dockers at Hull will change employers with the take-over of the port's Ellerman's Wilson Line cargo-handling organisation by the Docks Board's wholly owned subsidiary, the Hull and Humber Cargo-handling Company.

The Docks Board said yesterday that reduction in the number of port employers was in the long-term interest of good industrial relations and would improve efficiency and service.

No jobs will be lost under the new arrangement. The Docks Board's company now will employ nearly 1,600 of the port's 2,200 dockers.

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on May 17, 1976. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the U.K. and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territory; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate, no direct quotation available; (sg) selling rate; (bg) buying rate; (nom) nominal; (ex/c) exchange certificate rate; (P) based on U.S. dollar parities and going sterling-dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit		Value of £ Sterling
Afars & Issas	Djibouti Franc	288(sg)
Afghanistan	Afghani	98 (A)
Albania	Lek	(O)10.10(A) (T)26.25(A)
Algeria	Dinar	7.35
Andorra	French Franc	8.54
	Spanish peseta	122.25
Angola	Angolan Escudo	54.70
Antigua (S)	E. Caribbean	4.80
Argentina	Ar. Peso	(O)252.54
Australia (S)	Australian $	1.4865
Austria	Schilling	34.40
Azores	Portug. Escudo	54.70
Bahamas (S)	Ba. Dollar	1.8128
Bangladesh (S)	Taka	27.40(sg)
Bahrain (S)	Dinar	0.712
Balearic Is.	Spa. Peseta	122.25
Barbados (S)	Barbados $	3.6521
Belgium	B. Franc	(cm) 71.20 (fn) 72.70
Belize	B$	4.0
Benin	C.F.A. Franc	427
Bermuda (S)	Bda. $	1.8043
Bhutan	Indian Rupee	16.4530
Bolivia	Bolivian Peso	36.09
Botswana (S)	S. A. Rand	1.5698
Brazil	Cruzeiro	18.65
Br. Solomon Is. (S)	Australian $	1.4865
Br. Virgin Is.	U.S. $	1.8045
Brunei (S)	Brunei $	4.4710
Bulgaria	Lev	1.7908
Burma	Kyat	12.80
Burundi	Burundi Franc	164.08
Cambodia	Riel	n.a.
Cameroon Rp.	C.F.A. Franc	427
Canada	Canadian $	1.7710
Canary Is.	Spanish Peseta	122.25
Cape Verde Is.	Cape V. Escudo	54.70
Cayman Is. (S)	Cay. I. $	1.5075
Cent. Af. Rp.	C.F.A. Franc	427
Chad	C.F.A. Franc	427
Chile	C. Peso	(Bk) 22.89
China	Renminbi Yuan	3.5581
Colombia	C. Peso	(F) 62.12
Comoro Is.	C.F.A. Franc	427
Congo (B'ville)	C.F.A. Franc	427
Costa Rica	Colon	15.5187
Cuba	Cuban Peso	1.50736
Cyprus (S)	Cyprus £	0.7567
Czechoslovakia	Koruna	(cm) 10.50 (nc) 20.90 (T) 18.28
Denmark	Danish Krone	10.99¼
Dominica (S)	E. Caribbean $	4.80
Domin. Rep.	Dominican Peso	1.8045
Ecuador	Sucre	(O) 45.54 (F) 46.55
Egypt	Egyptian £	(O) 0.7522 (T) 1.2418
Ethiopia	Ethiopian $	(P) 3.7396
Eq'l Guinea	Peseta	122.25
Falkland Is. (S)	Falkland Is. £	1.0
Faroe Is.	Danish Krone	10.99¼
Fiji Is. (S)	Fiji $	1.6093
Finland	Markka	7.01
France	French Franc	8.54
Fr. C'tyin Af ◆	C.F.A. Franc	427
Fr. Guiana	Local Franc	8.54
Fr. Pac. Is.	C.F.P. Franc	155.275
Gabon	C.F.A. Franc	427
Gambia (S)	Dalasi	4
Germany (East)	Ostmark	6 A

Place and Local Unit		Value of £ Sterling
Germany (West)	Deutschemark	4.66¼
Ghana (S)	Cedi	2.0845 (sg)
Gibraltar (S)	Gibraltar £	1.00
Gilbert & Ellice Is. (S)	Aust. Dollar	1.4605
Greece	Drachma	66.4275
Greenland	Danish Kroner	10.99¼
Grenada (S)	E. Caribbean $	4.80
Guadaloupe	Local Franc	8.54
Guam	U.S. $	1.8045
Guatemala	Quetzal	1.8025
Guinea Rep.	Sily	n.a.
Guinea Bissau	♥♥	♥♥
Guyana (S)	Guyanese $	4.6125
Haiti	Gourde	9.0225
Honduras Rep.	Lempira	3.61
Hong Kong (S)	H.K. $	8.8194
Hungary	Forint	(com) 66.90 (non-com T) 40.46
Iceland (S)	I. Krona	331.10
India (S)	Ind. Rupee	16.4585
Indonesia	Rupiah	748.87
Iran	Rial	A 127
Iraq	Iraq Dinar	0.535
Irish Rep.	Irish £	1.00
Israel	Israel £	14.3596
Italy	Lira	1,532½
Ivory Coast	C.F.A. Franc	427
Jamaica (S)	Jamaica Dollar	1.6425
Japan	Yen	541
Jordan (S)	Jdn. Dinar	0.595 (sg)
Kenya (S)	Ken. Shilling	15.2795
Korea (Nth)	Won	n.a. (sg)
Korea (Sth)	Won	880.15
Kuwait (S)	Kuwait Dinar	0.529 (sg)
Laos	Kip	n.a.
Lebanon	Lebanese £	n.a.
Lesotho	S. African Rand	1.5698
Liberia	Liberian $	1.8045
Libya	Libyan Dinar	(P) 0.5342
Liechtenstein	Swiss Franc	4.55¼
Luxembourg	Lux Franc	71.20
Macao	Pataca	12.7325
Madeira	Portug'se Escudo	54.70
Malagasy Rp.	Mg Franc	427
Malawi (S)	Kwacha	1.6598
Malaysia (S)	Malaysian $	4.6126
Maldive Is. (S)	Mal Rupee	n.a.
Mali Rp.	Mali Franc	854
Malta (S)	Maltese £	0.7772
Martinique	Local Franc	8.54
Mauritania	Ouguiya	♣
Mauritius (S)	M Rupee	12.3516
Mexico	Mexican Peso	22.51
Miquelon	C.F.A. Franc	427
Monaco	French Franc	8.54
Mongolia	Tugrik	(O) n.a. (g) (T) n.a.
Montserrat	E. Caribbean	4.80
Morocco	Dirham	7.95 (sg)
Mozambique	Moz. Escudo	54.70
Nauru Is.	Aust. Dollar	1.4605
Nepal	Nepalese Rupee	24.40
Netherlands	Guilder	4.93¾
Neth. Antilles	Antillian Guilder	3.2500
New Hebrides	Franc	158.82
	Aust. Dollar	1.4605
N. Zealand (S)	N.Z. Dollar	1.8140
Nicaragua	Cordoba	12.66
Niger Rp.	C.F.A. Franc	427
Nigeria (S)	Naira	1.1560 (sg)
Norway	Nrwg. Krone	9.95¾
Oman Sultanate of (S)	Rial Omani	0.625
Pakistan	Pkst. Rupee	17.50 (sg)
Panama	Balboa	1.8045
Panama Canal Zone	U.S. $	1.8045
Papua N.G. (S)	Kina	1.4605

Place and Local Unit		Value of £ Sterling
Paraguay	Guarani	224.85
P'ple's D. Rp. of Yemen (S)	S. Yemen Dinar	A 0.55
Peru	Sol	(ex/c) A 81.11
Philippines	Ph. Peso	16.517
Pitcairn Is. (S)	£ Sterling	—
	New Zealand $	1.8140
Poland	Zloty	(B) 35.64 (T) 54.76
Portugal	Port Escudo	54.70
Port Timor	Timor Escudo	54.70
Principe Isle.	♥♥	♥♥
Puerto Rico	U.S. $	1.8045
Qatar (S)	Qatar Ryal	7.15
Reunion, Ile de la	French Franc	8.54
Rhodesia	Pound	n.a.
Romania	Leu	(com) 9.17 (non-com T) 22.14
Rwanda	Rwanda Franc	170.05
St. Christopher (S)	E. Caribbean $	4.80
St. Helena (S)	£ Sterling	
St. Lucia (S)	E. Caribbean $	4.80
St. Pierre	C.F.A. Franc	427
St. Vincent (S)	E. Caribbean $	4.80
Salvador El	Colon	4.51
Samoa Am.	U.S. $	1.8045
San Marino	Italian Lira	1,532½
Sao Tome	♥♥	♥♥
Saudi Arabia	Ryal	6.38
Senegal	C.F.A. Franc	427
Seychelles	S. Rupee	15.35
Sierra Leone (S)	Leone	2.0
Singapore (S)	Singapore $	4.4710
Somali Rep.	Som Shilling	(A) 11.65 (sg)
Sth. African (S)	Rand	1.5698
S. W. African Territories (S)	S. A. Rand	1.5698
Spain	Peseta	(b) 122.25
Span. Ports in North Africa	Peseta	122.25
Sri Lanka (S)	S. L. Rupee	15.6608 (sg) ◆◆
Sudan Rp.	Sudan £	(A) 0.630 (u)
Surinam	S. Guilder	3.2300
Swaziland (S)	Lilangeni	1.5698
Sweden	S Krona	8.01¾
Switzerland	Swiss Franc	4.55¼
Syria	Syria £	5.90 (sg)
Taiwan	New Taiwan $	(P) 68.571
Tanzania (S)	Tan. Shilling	15.275
Thailand	Baht	36.930
Togo Rp.	C.F.A. Franc	427
Tonga Is. (S)	Pa'anga	1.4605
Trinidad (S)	Trin. & Tobago $	4.30
Tunisia	Tunisian Dinar	0.765 (sg)
Turkey	Turkish Lira	28.90 (sg)
Turks & C's	U.S. $	1.8045
Uganda (S)	Ug. Shilling	15.2795
Utd. States	U.S. Dollar	1.8045
Uruguay	Uruguay Peso	(cm) 5.55 (fm) 6.40
Utd. Ab. Emirates	U.A.E. Dirham	7.15
U.S.S.R.	Rouble	1.40
Upper Volta	C.F.A. Franc	427
Vatican	Italian Lira	1,532½
Venezuela	Bolivar	7.72
Vietnam Nth.	Dong	(O) n.a. (g) (T) n.a. (g)
Vietnam (Sth)	Piastre	n.a.
Virgin Is. U.S.	U.S. Dollar	1.8045
Western Samoa (S)	Samoan Tala	1.0788
Yemen	Ryal	8.12 (sg)
Yugoslavia	New Y Dinar	33.1005
Zaire Rp.	Zaire	1.5092
Zambia (S)	Kwacha	1.1616

◆ That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa.

◆◆ Rupees per pound. Tourists visiting Sri Lanka receive a premium of 65 per cent.

●● A decimal currency for the dollar, equal to 10 Rhodesian shillings was introduced by the Independent Regime on February 17 1970. Recent reports suggest a rate of about 1.1440 Rh. dollars to £1.

♣ The Ouguiya has replaced the CFA franc. The exchange was made at a rate of CFA Frs 5 to one unit of the new currency.

(a) General rate, oil and iron exports 7.3720.

(g) The Mongolian tugrik has lately been reported to stand at an official commercial rate of 0.225 Russian roubles the North Vietnamese dong at 0.306 roubles, and the North Korean won at 0.7463 roubles. With the pound standing at 1.43 roubles, the following relationships could be calculated for the pound: £=6.44 tugriks, £=4.74 dongs, £1=19.2 won.

♥♥ Information not available for this edition.

* Rate is the Transfer market (controlled).

** Rate now based on 2 Barbados $ to the dollar.

† BCRA 447.37

‡ Now one official rate.

(h) Following devaluation.

State backs training plan for 71 helicopter pilots

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE GOVERNMENT is to provide funds to help train 71 helicopter pilots this year.

The Government-sponsored Air Transport and Travel Industry Training Board, in conjunction with helicopter operators, is setting up a scheme to ensure the supply of pilots to meet Britain's future needs, particularly for the support of offshore oil and gas production.

Total cost

The employers who are sharing the major proportion of the cost with the Government, include Bristow Helicopters, British Airways Helicopters, British Executive Air Services and Management Aviation.

The would-be pilots will also contribute—£500 for each ex-service helicopter pilot seeking further training for civil jobs, and £1,000 for the other trainees who will need longer periods of training.

The total cost of training a pilot will be several thousand pounds, depending on the length of training needed.

Twenty places are being reserved for ab-initio pilots between the ages of 18 and 25 and up to 35 places will be for helicopter pilots leaving the Armed Forces who wish to gain civil licences. The rest will be for various categories of unemployed professional fixed-wing pilots wishing to transfer to helicopters.

● Local Authorities and amenity groups round Heathrow and Gatwick Airports have been asked for their views on methods of reducing noise nuisance in the future.

The survey stems from a review of possible methods of noise reduction conducted by a small working party set up some time by the Department of Trade.

Possibilities

The working party's report, which has not been published, is believed to range widely over the possibilities, from a complete ban on all night flying to technical methods of quietening jet engines.

The Department of Trade has written to the local authorities and other groups, pointing out these options, and asking for their comments.

In the light of these, and other views from airlines and manufacturers, the DoT will decide on future courses of action.

BOC share options are taken up by 10%

By Terry Wilkinson

MORE THAN 10 per cent. of BOC International's workforce has contracted to save a total of £14m. over the next five years under the company's new share option scheme.

The option scheme, first announced in February, will ultimately involve the issue of 3.7m. Ordinary shares in BOC International to 1,850 of the 16,000 employees eligible. At present the group's issued Ordinary share capital is 256m. shares.

For the purposes of the plan, which is a National Savings index-linked scheme, an option price of 53p a share has been struck, which represents the share price of BOC International at April 1, less a 10 per cent. discount.

Employees contract to make 60 monthly contributions at an average of £10 per employee. The maximum is £20 and the minimum £4.

Mr. Paul Bosonnet, a director of BOC International, said: "The Board has been surprised at the high level of interest in the scheme, which was introduced to give employees a chance to participate in the increasing prosperity of the group."

Eleven-plus could break law

IF THE newly-elected Conservative council of Tameside, Greater Manchester, retains selection after September, it could breach the Government's law on comprehensive education which is expected to come into force in October.

The warning came yesterday within hours of the council holding its first meeting to discuss proposals for scrapping its Labour predecessor's plans to go comprehensive in September and instead hold a new 11-plus exam later this month.

The Department of Education said that while Tameside was not acting illegally at present, things could be very different should it refuse to comply with legislation going through Parliament.

The new Bill is designed to complete comprehensive reorganisation nationally, and empowers the Secretary of State to ask secondary education schemes to submit comprehensive schemes if they have not already done so.

Unions representing the 3,000 teachers in the Tameside area have accused the Tories of a total lack of consultation. They point out that teachers have already been appointed to the new comprehensives and children have also been informed of their new schools.

Mr. Norman St. John Stevas, Shadow Education Secretary, said: "An assessment of the situation is essential and the responsibility for carrying that out and deciding what action should be taken rests with the council. I have the fullest confidence in their integrity and their concern for the children."

Continuous casting blast danger

BY OUR INDUSTRIAL STAFF

PRELIMINARY RESEARCH suggests that under certain conditions any metal is likely to explode during continuous casting, according to Mr. Bill Simpson, chairman of the Health and Safety Commission.

Mr. Simpson told the Scottish branch of the Institution of British Foundrymen that five "catastrophic explosions" had wrecked foundries in the U.S. All involved aluminium alloys.

Although the continuous casting process was not used in many foundries in Britain, it was being adopted increasingly in industries such as aluminium, steel and copper.

The interim finding of present research at the University of Aston, Birmingham, were important because many people thought that only aluminium was dangerous because of its chemical reactions in certain circumstances.

The research suggested that the explosions were physical in origin rather than chemical. There was also risk of explosion when two liquids were mixed, with the lower liquid being above the boiling point of the cooler.

A report of the research would be published soon although there was still a great deal more work to be done, Mr. Simpson said.

APPOINTMENTS

David Lavender joins THF main Board

Mr. David Lavender has been appointed a director on the main Board of TRUST HOUSES FORTE. Mr. Lavender, who has been with the company for 23 years, has been group purchasing director since 1970.

SIME DARBY HOLDINGS is to conduct its activities through three principal international divisions.

Mr. R. T. Constable becomes managing director, Eastern international division, and will be based in Singapore. Mr. J. J. Youll, will be managing director, Western International Division, from in the Hague. Mr. A. J. Sumner and Mr. D. Park are to be joint managing directors, Malaysia Division, at Kuala Lumpur, and they will continue with a number of their present responsibilities.

Mr. J. D. F. Drum takes over as secretary of Sime Darby Holdings in succession to Mr. Constable.

Mr. R. W. Drowley, a director and general manager of Smiths Industries Hydraulics Company has been appointed a divisional director of SMITHS INDUSTRIES.

Mr. Duncan J. MacLeod has been appointed to the Board of the SCOTTISH PROVIDENT INSTITUTION. He is a director of the Bank of Scotland.

Mr. D. R. L. Duncan, a director of Charterhouse Development has been appointed to the Board of ABBOTT'S PACKAGING. Charterhouse Development recently acquired a minority shareholding in the company.

Mr. Arthur W. John has been appointed a non-executive director of STENHOUSE HOLDINGS. Mr. John retired last year from the post of group finance director of Unigate. Previously, he was a member of the National Coal Board in London.

Mr. Keith Hendrick, vice-president of sales, Noranda Mines and president of Noranda Sales Corporation, has been elected chairman of the ZINC AND LEAD DEVELOPMENT ASSOCIATIONS, London. He succeeds Mr. William Foster, a director of MIM Holdings, Australia, and chairman of Britannia Lead Company, London. Mr. T. B. Borresen and Mr. Llyn Evans have been elected deputy chairmen.

Mr. C. Medler has been appointed financial controller of McCORQUODALE BOOKS, part of the McCorquodale Group. He has also been appointed secretary of McCorquodale Books and its subsidiary companies.

Mr. Annesley Keown has been appointed vice-chairman of YULE CATTO AND CO.

JAMES SCOTT ENGINEERING GROUP. Mr. David Barclay has been appointed managing director of James Scott and Company (Electrical Engineers). Mr. Barclay has been a director of the company for three years. He has also been appointed to the Boards of William Allan Smith and Company and Malcolm and Allan.

Mr. D. S. Roberts and Mr. L. Heywood have been appointed to the Board of TOM MARTIN METALS GROUP. Mr. D. J. Knight has resigned as a director and also from the Boards of the subsidiaries of which he was a director. The following appointments have been made to subsidiary Boards: Mr. V. J. Warner, Tame Valley Alloys; Mr. R. Powis, Drome Garages, R. B. Clarke and Foil Recovery; and Mr. R. A. C. Jones, William E. Dunn.

Mr. James C. Prout has been appointed divisional marketing manager of the CWS non-food division. Mr. Prout was previously general manager of the Joan Barrie fashion shops in the Midlands and North of England.

U.K. OPTICAL AND INDUSTRIAL HOLDINGS has made the following changes to the organisation of its ophthalmic division: the export sales departments of United Kingdom Optical Company and M. Wiseman and Co. will be merged. Mr. R. S. Pitts has been appointed director and general manager of the new joint export sales organisation and will continue as a director of United Kingdom Optical Company. Mr. P. J. Drought has been appointed a director of that company and takes over responsibility for home market sales. Mr. E. C. Pieters, sales director of M. Wiseman and Co., will continue to be responsible for home market sales of that concern.

Mr. R. B. McCay, regional manager (U.K. and Europe) of the Bank of New Zealand, has been elected chairman of the BRITISH OVERSEAS AND COMMONWEALTH BANKS ASSOCIATION. Mr. S. G. Mogford, the past chairman, was appointed deputy-chairman.

OFREX GROUP. Mr. Owen Wright, previously chief executive, Ofrex Engineering, has been appointed managing director. Mr. George Butler becomes managing director of Frank R. Ford, another subsidiary. He succeeds Mr. C. J. Benson, who wishes to establish his own company, but who will continue on a consultancy basis. Mr. G. G. Roberts, who has been appointed secretary to the Group following the retirement of Mr. R. F. T. Pope, will also continue as group financial controller.

Mr. Martin P. Frankel, a director of the Burton Group, has been elected president of the CLOTHING INSTITUTE. Mr. Frankel was chairman of the Clothing Institute Council for 1967-70, and was awarded the Fellowship of the Institute in 1972.

Mr. S. J. Phillips has become managing director of AIRCRAFT CLEANING SERVICES, a member of the Goodliffe Group.

Metro manning dispute sparks Tyneside row

By Our Newcastle Correspondent

TALKS ABOUT ownership of the £200m. Metro railway on Tyneside continued in York yesterday. British Rail and the Tyne Wear Passenger Transport Executive are working on plans for a joint company to operate the system when it is completed in 1980.

Meanwhile, a storm has arisen over new estimates which show that the unofficial blacking of construction work by 500 Tyneside railwaymen over a manning dispute is costing the executive £250,000 a week.

The executive hopes to settle the ownership question by the end of the month, allowing it to get to grips with the railwaymen who want assurances that the Metro will be run on similar lines to British Rail.

New car ferry sails to-day

TOWNSEND Thoresen's new car ferry for holiday motorists the Viking Viscount comes into service to-day, increasing capacity on the Felixstowe-Zeebrugge route to 7,200 passengers and 1,650 cars.

Viking Viscount joins her five-month-old sistership Viking Voyager in providing up to the return sailings a day.

The Technical Page

DITED BY ARTHUR BENNETT AND TED SCHOETERS

ENERGY

Big step in fuel economy

TTH 3000 problem-free hours of)eration of the big prototype mospheric pressure fluidised d test rig at Renfrew behind Babcock Combustion Systems els confident to tackle the next ep—the pressurised fluid bed rner, also capable of operating various fuels and aimed at oviding an extremely low per lowatt installed cost by avoid- g the steam cycle.

Discussions are afoot to get e *detailed study of a 60 MW* oject off the ground—this size aving been chosen because it rresponds with virtually stand- d gas turbines, but also in this stance because enough is ready *known about fuel*, gas d bed behaviour to allow evelopers to by-pass the small ototype stage.

It has become somewhat trite say that "Britain leads" in e or another technique ecause of the way these ads have been eroded in e past. However, in this ost important area of coal tech- ology, the U.K. lead—estab- shed by about 15 years of search and development—is etween two and three years. Interest from all over the orld and from the U.S., ustralia and South Africa in rticular underlines the extent U.K. knowledge embodied in e Renfrew rig and in the ex- erience gained at various ntres — Marchwood, (CEGB), oke Orchard (NCR) and eatherhead (BCURA) — and sted in the company.

Apart from the 3,000 hours of perience gained on the big enfrew rig—invaluable for the *trapolations needed to set up* pressurised burner—it has een found that sulphur reten- on in the bed is at least 80 er cent. and that with poor els. NOX formation is also great improvement over classical burners, being kept to *below 250 ppm. Some 95 per* cent. of vanadium in oil residues is held back as well as 80 per cent. sodium and it is believed that burning coal with high salt content also would present no problems.

At present, detailed studies are in progress for realistic pricing against conventional boilers. A number of modifica- tions to the fluid bed system are *under consideration which could* reduce its capital cost still further. Among others, bag filters could be applied because of the comparatively large size of ash compared with that carried over *from PF boilers.*

But it cannot be too strongly underlined that the great advan- tage of the fluidised bed is its *economy*, versatility in the types of fuels that can be burned—from coarsely ground coal to municipal waste—and the fact that no expensive stack gas clean- ing procedures are required. This latter point is of particular im- portance in countries such as the U.S. where the environmentalists clearly have far more influence than in Britain.

Design studies of this type of plant have been done for a *10 MW hot water unit and a* 25 MW district heating unit, both providing the same fuel versa- tility.

On the pressurised burner side, two possible turbine types are available, one from Sweden and the other from Britain. Neither would require significant modification to work with the gas from a pressurised coal burner *and no special blade treatment* would be needed.

This is because the fluidised bed produces a soft ash with little or no abrasive effect, in contrast with pulverised fuel burners which have turned out to be disastrous when coupled *with turbines.*

In the Babcock Combustion Systems concept, one-third of the air intake goes through the fluidised bed and supports com- bustion while the other two- thirds is fed through the pipes embedded in the burning fuel and absorbs heat from the bed. This means that the dust loading of the ejected gases is very low.

Combining this design, which can be made highly modular, with a standard turbine is ex- pected to produce a plant which is far superior and much less complex than dual cycle plant. It has considerably lower notional capital costs.

Discussions are in progress between the company and various authorities in the U.K. and over- seas on the funding of the deve- lopment programme for this unit which would take about 18 months to complete. By the end of this period, all plant para- meters would have been estab- lished ready for construction to start.

Since nuclear waste manage- ment plant alone is likely to cost the U.K. around £900m. over the next several years, the antici- pated cost of £2m. for the deve- lopment of the packaged pressurised fuel burner seems a very small price to pay in order to provide far more efficient burning of coal and oil waste, as well as other materials not norm- ally considered as fuels. Coal supplies are computed to last some 600 years, but this is no reason to waste them especially as Europe's coal reserves are rapidly running out.

Further details of both the atmospheric and pressurised bed concepts from the company at Woodall-Duckham House, the Boulevard, Crawley, Sussex. 0293 28755.

PLASTICS

One-piece moulding for safety

A METHOD of moulding storage tanks in one piece from glass reinforced plastics has been developed by Ardleigh Lami- nated Plastics.

Uralam 4630, a chemical- resistant polyester laminating resin developed by Synthetic Resins, is used to hand-lay the tanks round standard moulds.

Ardleigh has 10 *moulds* in sizes from 457 mm. to 4,267 mm. diameter. With a standard mould length of 2,500 mm., longer tanks are made in stages, the grp moulding being raised and laminating continued round the exposed portion of the mould before gelation is complete. ALP has used this system of con- tinuous laminating successfully on tanks up to 13.75 m. (45 feet) long.

A typical example was the construction of a vertical 25,000 litre emulsion tank for Van den Berghs and Jurgens. ALP, using the standard 2500 mm diameter mould produced a tank 4,910 mm long in three stages.

SRL's Uralam 4620 was applied without a gel coat, bonding a layer of glass tissue direct to the mould. This provided a smooth interior finish resistant to the 90 per cent. hydrochloric acid solution and 10 per cent. liquid acid oil used in soap processing. The lower 1,000 mm of the tank body contained six layers of 0.6 kg/m^2 chopped strand mat glass reinforcement, reducing progressively to four layers at the top.

A 15° grp cone was bonded to the top of the tank, eight timber radial ribs being cast in as addi- tional reinforcement.

Synthetic Resins, Edwards Lane, Speke, Liverpool.

COMMUNICATIONS

Kodak to push audio visual

A *MORE positive approach is* being taken by Kodak to the use of audio-visual equipment and techniques in industry, com- merce and education with the appointment of 120 specialised dealers throughout the U.K.

Dealer aids to be supplied include a five minute film selling the subject (and Kodak equip- ment), brochures on technique and hardware, and an exhibition stand complete with operator available on loan free of charge.

The move is stated to be in response to market research which revealed dissatisfaction with the supply of AV equip- ment. Educationalists for example, considered equipment was lacking in standards, said they were seldom consulted on new designs, and believed that their schools and colleges were often no more than dumping grounds.

Kodak has backed the move with an enhanced Carousel slide projector S-AV 1000, and also a sound-on-super eight movie camera, user film processor and "flat" style projector that yields projectable film 15 minutes after filming.

Better use of 'phones

OPAS, for operator position assistance system, is the first of a series of new aids for the improvement of maintenance, operation and management of telephone networks issued by the centre recently set up by STC specifically for this task.

Telecommunications Service Systems Marketing and Devlop- ment Centre, or TSS, will con- centrate on this area as one in which to help users of networks to make the maximum of in- stalled—and expensive—facili- ties.

OPAS eliminates the need for an operator to write a call ticket and automatically handles much of the routing and dialling, creating a detailed billing record on magnetic tape and discon- necting the call path on compe- tition.

AUTRAX, for automatic traffic recording and analysis complex, monitors and records traffic events and usage on individual or grouped sets of trunk and junction circuits and supplies printed exception reports. Traffic data is presented in a form suit- able for computer analysis.

RLT is a remote line tester which forms a complete diag- nostic system to determine faults on a subscriber's instru- ment or line. It can operate at any distance from the set being checked.

Many other new systems are under development and further information on existing services and prospective aids is available from TSS at STC, 190 Strand, London WC2 1DU. (01-836 8055).

COMPUTERS

ICL adopts Singer hardware

BOTH the Singer 10 small busi- *ness computers* and the Singer 1500 intelligent terminals are to become part and parcel of the range of data processing equip- ment offered on all markets by International Computers, the company officially announced yesterday.

This implies a continuation of manufacturing, marketing and development efforts and, indeed, ICL is to transfer the manufac- turing line from the U.S. to Britain early in the New Year.

Not yet decided, so far as can be ascertained, is whether or not ICL will take over and support the Singer point of sale equip- ment, even though there is appa- rently an attractive opportunity to form a significant European venture since Anker in West Germany has run into problems.

ICL's statement underlines the fact that the Singer 10 gives it an entry into the first user market at a point lower down the cost scale than the recently announced 2903/20. At the same time, the 1500 is a tried and tested range of terminals which will complement the ICL 7500 *group, development of which* will nevertheless continue.

All the way through the state- ment, ICL has been at pains to reassure users and prospective users that there will be con- tinuity of support and develop- ment and, so far as can be ascertained, no name changes are in prospect.

Observers believe that because of Plessey's involvement with ICL as the sole large industrial shareholder and the fact that Plessey itself has made a con- siderable impact with its library/ POS equipment, there will be strong pressure for ICL *to con- tinue with Singers'* POS.

CONSTRUCTION

Mowlem in cube test venture

HUMAN error has been the main reason for inaccuracies since concrete cube testing began, says Mowlem. Concrete experts have long expressed the merits of testing concrete specimens on an automatically programmed testing machine and its sub- sidiary, Constructional Services has recently commissioned the manufacture of such a machine—designed to its own specification—which is now installed.

In the manufacture of the automatic concrete compression machine the various parameters affecting the quality of the test were taken into account to pro- duce a system which would eliminate errors that can be caused by failure of the testing technique.

These range from the incorrect alignment of the specimen in the straining frame and uneven application of the specified rate of loading to errors in reading and transcribing the maximum loading information to the test certificate. Rate of loading on the new machine is controlled automatically and can be pre-set. Correct alignment of the specimen is assured by the design of the platens.

Maximum load is recorded on a digital read-out and therefore eliminates possible errors in reading a dial gauge which may incorporate three different scales.

The new equipment is unique in that it is the first compression *testing machine to incorporate a* print-out which records not only the maximum load sustained by the specimen but also the refer- ence number of the specimen under test, thus ensuring for the first time that a permanent irrefutable record exists of a cube test result. This is a most important feature of the machine as, to date, once a cube has been tested it has been impossible to check that the maximum load recorded was that shown on the test certificate.

Hydraulic and electronic systems designed to achieve the completely automatic loading operation include unique com- *ponents (patents applied for)* which offer great flexibility in- cluding the ability to control loading rates from 0 to 999kN/mm.

The automatic concrete com- pression machine was designed and manufactured by Engineer- ing Laboratory Equipment (ELE) of Hemel Hempstead, also a subsidiary of John Mowlem.

TRANSPORT

Hoverbarge solves many problems

AT THE Hovering Craft, Hydro- foils and Advanced Transit Systems Exhibition (Amsterdam) May 1976, Vosper Thornycroft yesterday gave first details of its new hoverbarge concept.

The hoverbarge will carry cargo between ship and shore where there are no conventional port facilities. Hoverbarges can operate over land and water, carrying goods between a ship anchored off any shelving beach and a simple warehouse nearby where cargo can be unloaded by mobile cranes or fork-lift trucks.

When a particular loading or unloading operation has been completed in one place, a Hover- barge operation can be trans- ferred almost in its entirety to another location if desired.

The hoverbarge will have its own fans to maintain an air cushion with outboard propeller units for propulsion over water. In shallow water it would be connected to an endless cable system to haul it up through surf and on to a hard area of beach from which it would be towed by a tractor to the unload- ing point.

Vosper is at Southampton Road, Paulsgrove, Portsmouth PO6 4QA. Cosham 79481.

SERVICES

Slave unit helps user

CENTRE-FILE, the National Westminster Bank's computer services company, has launched a new service for building societies. The new "House- master" service, as forecast in the FT, is based on minicom- puters installed at the societies' premises and will enable them to handle distributed enquiries on customer accounts in imme- diate and on-line mode.

With House-master a society will have a DEC PDP 11 com- puter installed on its own premises, usually in its head office. This will be linked to visual display terminals in head office departments and branch offices. Up to 16 terminals can be linked to the system either locally or at remote branch sites. The minicomputer will in turn be linked on-line to Centre-file's IBM mainframe computers in London.

Centre-file is understood to have ordered some 60 machines from DEC.

The company is at Lowndes House, City Road, London, E.C.1 (01-638 6161).

SAFETY AND SECURITY

Isolating potential dangers

SLIDING blade valve equipment for isolating pulverised fuel *(PF) mills from boilers in coal-* fired power stations, developed by Becorit and Herweg, Arnold, Nottingham, damper specialists, n conjunction with the Central Electricity Generating Board ould be adapted easily for use n other industries for temporary *isolation of sections of pipelines* which are subject to fire or explosion risk.

The valve is the only one of its type in this country of British design and manufacture, and is one of the few heavy duty valves which uses the sliding blade principle instead of a hinged flap. It consists of a frame into which is welded a thick plate *bored to the pipe* diameter and flanged for bolting into the system. The fixed plate is fitted with a seal ring. A steel blade with an orifice of pipeline diameter is arranged to slide over the fixed seal ring between full open and full closed posi- tions. A further thick section plate fitted with a spring-loaded seal ring is inserted into the valve frame so that the blade moves between the two plates.

PF mill isolating valves have been produced with bore sizes up to 30 inch diameter. The units can be operated by electric, pneumatic or hydraulic prime movers and the blade is posi- tioned by means of a revolving lead screw and a fixed nut on the blade. Limit switches control the end position of travel and *provide electrical indication* to remote operating positions.

Becorit and Herweg, 106/118, Front Street, Arnold, Nottingham (0602 263349).

Ultrasonics detect the intruder

MOTION of intruders within a protected area can be detected with Fidela 6, an ultrasonic "radar" system introduced by AFA-Minerva (EMI).

Basis of the system is an ultra- *sonic projector/receiver* unit looking rather like a public address column loudspeaker. Range is 11 metres (36 ft.) and the unit has an adjustable egg- shaped directivity pattern. Up to ten of the sensors can be con- nected together in series to a control panel and power source, and can be mounted on walls, ceilings and other rigid struc- tures to provide three dimen- *sional surveillance over* exten- sive floor spaces.

Advantages claimed for using ultrasonic as opposed to micro- wave beams include the fact that *the sensors do not have to be* individually wired back to the control unit, and that the latter is generally simpler. In addition, the equipment can be adjusted to ignore movements such as flapping curtains or hangered garments, avoiding spurious alarms.

Dimensions of the projector/ sensor units are 460 x 90 x 60 *mm. (18¼ x 3½ x 2¼ ins.)*, and a variety of pattern directors is supplied. Grosvenor Road, Twic- kenham, TW1 4AB (01-892 4422).

Rescue unit works fast

ONE-MAN protable 'rescue tool' units capable of freeing people trapped in crashed vehicles, trains, aircraft and buildings more quickly has a pair of hydraulically activated forged titanium arms capable of lifting or pulling five tons—or double the weight of the average pas- senger car.

Standard accessories include *automotive jaws, cutting jaws,* power shears, chains and hooks to ensure that every conceivable piece of equipment necessary to free trapped people quickly is readily to hand.

The power shears measure 13.5cm (5.3 inches) long, 12cm (4.7 inches) wide and have a maximum jaw opening of 14cm *(5.5 inches).* The shears have a cutting force of 3600 Kg (7936 lbs) at the jaw tip and *6800 Kg (15,000 lbs) in the centre* of the jaw and so will easily cut through car bodywork, steering columns, chassis, train and air- craft panels.

Speed is the essence of success in any rescue operation. Under load it takes just 40 seconds to open and close the arms.

Further information about the new Hurst power rescue tool, can be obtained from Branbridge Fire and Security Equipment, Shernfold Park, Frant, Tun- bridge Wells, Kent TN3 9HH. (0892 75346).

HANDLING

Goods kept in tight embrace

LARGE cylindrically shaped goods are not the easiest of items to stow firmly in railway wagons and road vehicles. Rolls of newsprint, for instance, must be carefully stowed to prevent impact between them and con- sequent damage.

In Ontario, Canada, a device has been patented which it is claimed will considerably reduce the risk of damage when goods of this type are in transit. The device consists of a pair of arms shaped to fit the curve of the rolls, the arms being arranged along the sides of the vehicle. When not in use the arms can be pushed back flush with the vehicle's sides so that other types of goods may be carried.

This method of protecting goods in transit is already in use for transporting rolls of newsprint, but it is considered that it could be used with advantage for other products which must be protected from *impact damage caused by sudden* stops and starts of the vehicle.

Canadian Patents and Develop- ments of 275 Slater Street, Ottawa, Ontario K1A OR3 showed the device at the manufacturing Opportunities Show in Toronto at the beginning of May and is now seeking licensees to produce it.

Wire coil feeding

A SYSTEM of coil handling and prestraightening for large dia- meter wire in coils weighing up to 4000 lb., has been developed by Safe Production Systems, Pedmore Road, Brierley Hill, West Midlands DY5 1TJ, (0384 78625).

Maximum wire diameter is 1¼ in., and the mandrel, which is 5 ft. long, can take a second coil of wire weighing 3,300 lb. while the final strands of the previous coil are still being used.

Pinch and levelling rolls are fully contoured, with a hardness rating of 50 Rockwell. The clutch is a 90V de Westool, with a 250 ft. lb. torque.

The unit is said to be suitable for feeding nut and bolt machines, wire drawing machines, etc.

By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its over- seas broadcasts.

OFFICE EQUIPMENT

Cancelled but still legible

TO INDICATE that a document has been cancelled without des- troying its legibility, a machine has been developed which pierces a close pattern of perforations over the entire surface of the paper. This pro- vides a visible record that docu- ments have been processed, but they are still intact for audit, monitoring or filing.

Perforations are at 11mm intervals horizontally and 13mm intervals vertically. The pierc- ing pattern can be modified to suit the customer. The piercing wheels are of hardened and tempered carbon steel.

The feed throat will accept documents up to 8 inches wide without folding, and up to 40 sheets (or equavalent thickness) can be marked at one pass. No paper is removed from the sheets being pierced, so there is no waste. Staples and clips need not be removed. The machine can be mounted on a mobile stand or on a desk top.

It is made by the Fordigraph Division of Ofrex, Stephen Street, London W1A 1EA (01-636 3686).

LEGAL NOTICES

No. 001590 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of RESEARCH PROJECTS LIMITED and in the Matter of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 11th day of May 1976, presented to the said Court by THE DEPARTMENT OF HEALTH AND SOCIAL SECURITY, of State House, High Holborn, London, W.C.1, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, W.C.2, on the 21st day of June 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

M. W. M. OSMOND,
State House,
High Holborn,
London, W.C.1.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 18th day of June, 1976.

No. 001560 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of AMBION HOMES LIMITED and in the Matter of The Companies Act, 1948

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 10th day of May 1976, presented to the said Court by BARCLAYS BANK INTERNATIONAL LIMITED whose registered office is situated at 54 Lombard Street, London, E.C.3, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 21st day of June 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

SLOWES,
1, Maddox Street,
London W1R 9LB.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 18th day of June 1976.

No. 001600 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of RHODES CONSTRUCTION LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 11th day of May 1976, presented to the said Court by FRANK HARRIS BROTHERS LIMITED whose registered office is at Walnut Tree House, Guildford, GU1 4UG, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 21st day of June 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

RAMWAYS,
251-253, London Road,
Croydon,
Surrey, CR0 2QG.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 18th day of June 1976.

No. 001558 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of WOOD GREEN PAINTERS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 10th day of May 1976, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 21st day of June 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his Counsel, for that purpose; and a copy of the Petition will be furnished by the under- signed to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

C. KRIKORIAN,
King's Beam House,
39-41, Mark Lane,
London EC3R 7HE.
Solicitor to the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 18th day of June 1976.

No. 001641 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of TURNAIRE LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 14th day of May 1976, presented to the said Court by SWIFT VENTILATION LIMITED whose registered office is at 188/190 Edward Place, London, S.E.8, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 21st day of June 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

GOOD GOOD & CO.,
30, Museum Street,
London WC1A 1LH
Solicitors for the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm or his or their solicitor (if any) and must be served, or if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 18th day of June 1976.

IN THE MATTER OF THE COMPANIES ACT, 1948
and
IN THE MATTER OF
P. R. CATERING SERVICES LIMITED.

NOTICE IS HEREBY GIVEN, pursuant to Section 299 of the Companies Act, 1948, that a GENERAL MEETING of the MEMBERS of the above-named Company will be held at 33 Clifford's Inn, Fetter Lane, E.C.4, in the City of London, on Tuesday the 22nd day of June, 1976, at 11 a.m. to be followed at 11.15 a.m. by a GENERAL MEETING OF THE CREDITORS for the purpose of receiving an account of the Liquidator's Acts and Dealings and of the conduct of the Winding-Up to date.

DATED this 13th day of May, 1976.

R. E. FLOYD.
Liquidator.

No. 001594 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of REDRIC ASSOCIATES LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 10th day of May 1976, presented to the said Court by MURRAY MACLEAN & COMPANY of 75 Surbiton Road, Kingston Upon Thames, Surrey, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 21st day of June 1976, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his Counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

MURRAY MACLEAN & COMPANY,
75 Surbiton Road,
Kingston Upon Thames,
Surrey.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 18th day of June 1976.

BOND DRAWING

EUROPEAN COAL AND STEEL COMMUNITY

6½% 20 Year Bonds of 1966 due 15th June, 1986

THE COMMISSION OF THE EUROPEAN COMMUNITIES announce that the redemption instalment of U.S.$1 000 000 due 15th June, 1976 has been met by purchases in the market to the nominal value of U.S.$720 000 and by a drawing of bonds to the nominal value of U.S.$280 000.

The distinctive numbers of the bonds drawn in the presence of a Notary Public are as follows:—

8768 to 8963	8968
8972 to 8995	8999 to 9018
9020 to 9025	9027 to 9032
9034 to 9060	

Nominal amount of bonds which remain outstanding after 15th June, 1976 is U.S.$10 000 000.

On 15th June, 1976, there will become due and payable upon each bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of:—

S. G. WARBURG & CO. LTD.
30 Gresham Street,
London, EC2P 2EB.,

or with one of the other paying agents named on the bonds.

Interest will cease to accrue on the bonds called for redemption on and after 15th June, 1976. Bonds so presented for payment must have attached all coupons maturing subsequent to 15th June, 1976.

18th May, 1976.

"He who does not defend his right to affirm national sovereignty fully deserves to be a slave" — President Ceausescu of Romania.

The backlash from Moscow

BY PAUL LENDVAI, Vienna Correspondent

THE INCREASINGLY assertive independence of the largest Communist Parties in Western Europe, their abandonment of some of the sacred tenets of Marxist-Leninist ideology such as the belief that a dictatorship of the proletariat is necessary, and their public commitment to political pluralism have begun to exert a profound impact not only on politics in Italy and France but also within the Soviet sphere of influence.

Fear of the subversive effects of Western reformist communism appears to have given a new urgency to the Soviet-sponsored drive for political, military, economic, and cultural integration of the East European countries under Soviet leadership. The recent spate of Soviet warnings and the emphatic rejoinders by President Nicolae Ceausescu of Romania and the Yugoslav party secretary, Mr. Stane Dolanc, indicate beyond any doubt *that for the smaller* Eastern European countries the issue is not a seemingly theoretical controversy about the meaning of "proletarian internationalism," but rather the defence of independence, and even that of survival as a nation.

For the West European parties, the discussion about the concept and practice of a "socialism in national colours" is a device to stress their—as yet untested—democratic credentials and thus to convince public opinion that their first loyalty is to their own country and not to Moscow. The fact, however, that the whole debate has profound implications in eastern Europe has largely escaped notice in the West.

Revolutionary struggle

President Ceausescu recently made a very important speech which received much less attention in the West than Pravda's pledge that no Communist Party may take the liberty of imposing its experience on other peoples. Mr. Ceausescu attacked "some philosophers and theorists" who maintain that "the nation, under socialism, no longer has a future, that the policy of defending national independence is a violation of Marxism-Leninism, that the assertion of the principles of equality and independence is the main danger in the revolutionary struggle for the cause of Socialism. They maintain that the defence of national sovereignty, the affirmation of the independence of states are incompatible with revolutionary internationalism."

After a pointed reference to Lenin's warnings against Great-Russian nationalism, he stated in his address to the Romanian union congress: "Lenin was right a thousand times: he who does not defend his right to freedom and independence and to affirm national identity fully deserves to be a slave."

Mr Ceausescu deliberately dramatised the dangers of the increasingly frequent references made in Moscow, but also in Sofia, Prague, and East Berlin, to what Pravda on April 15 described as the "gradual rapprochement of the socialist countries." At the recent party congresses in Sofia and Prague both Mr. Todor Zhivkov, the Bulgarian leader and Dr Gustav Husak, the Secretary-General of the Czechoslovak party, used the "rapprochement" formula in the explicit sense of any "ever closer drawing together" of Communist-ruled countries.

The process must lead at some distant stage to the merger of the Warsaw pact and Comecon states, according to the Soviet theory of national relations. The "rapprochement-merger" formula was used by Mr. Khrushchev in 1962-63 when the Soviets launched a major campaign for making Comecon into a supra-national economic entity, and is a standard phrase when Soviet officials speak about the "successful solution of the national question" in the multi-national Soviet Union itself. The Soviet leaders and their staunchest supporters such as Herr Erich Honecker in East Berlin and Mr. Zhivkov in Sofia extol developments which "draw us ever closer together" in the "family of fraternal socialist nations" and put the common class interest above national loyalties.

But the Romanians and the Yugoslavs are worried that the "grand project" of merging the East European countries with the Soviet Union into some kind of a multinational confederation, once discarded by Stalin, may be revived. As a leading Polish editor put it in a recent private talk in Warsaw: "We may cope with some of our most pressing domestic problems, but there is always a shadow hovering over us—the shadow of Russia. Who knows what those men in their seventies in the Kremlin and their advisers are planning to do with us and the other socialist *states—not now perhaps—but in* ten or 15 years? And how, if at all, will a divided and weakened West respond?"

This uneasiness is particularly strongly felt and even voiced by the Romanians who belong to the Warsaw Pact but throughout the past 15 years have carved out a surprising degree of independence from Moscow. The *Bucharest party periodical, Era Socialista*, said at the end of April that in the Romanian view the world socialist system "does not blend the socialist states into an amorphous and indefinite whole and does not represent a supranational organisation of the socialist countries." Independent non-aligned Yugoslavia can afford to report more freely about the deepening split in international communism and its implications for Eastern Europe. The Yugoslavs, along with the Italian Communists, publicly castigated a recent Soviet pamphlet, written by a relatively junior Soviet party official, Mr. V. Midtsev, and printed in an edition of 40,000 *copies*. He attacked as an "arrogant nationalist" and a "revisionist" anyone who hol[ds] that the Soviet system "wou[ld] not suit his own country."

President Ceausescu

While conceding that the[re] could be "nuances" in [the] various roads to socialism a[nd] in the methods used to build socialist society, the author fla[tly] stated that only a petty bourgeo[is] could think that socialism in [a] country could differ fr[om] socialism in another, not mere[ly] in nuances but in substance. Belgrade radio commentat[or] added that Mr. Midtsev, wh[ose] pamphlet was clearly approv[ed] by the top Soviet leadership, [is] renewing arguments in fav[our] of "limited sovereignty" wh[ich] was advanced as the justificat[ion] for the invasion of Czech[o]slovakia in 1968.

Yugoslav shock

That background explains [the] Romanian and Yugoslav sh[ock] and outrage caused by the st[ate]ments on U.S. policy towa[rds] Eastern Europe made by [Mr.] Helmut Sonnenfeldt, of the Sta[te] Department. Regardless of su[b]sequent explanations of [his] remarks deploring the lack [of] an "organic" relationshi[p] between the Soviets and [the] East European countries, [the] timing and the haughty tone [of] Mr. Sonnenfeldt's address ha[ve] had a profoundly disturb[ing] effect on the entire area whe[re,] as he himself put it, the Sovi[ets] have no genuine friends, exc[ept] possibly in Bulgaria.

The imprecise language us[ed] by Dr. Kissinger's top advi[ser] rekindled the deep-seated fe[ars,] voiced publicly only in Belgra[de] and Bucharest, but shared [in] Warsaw and Budapest, abou[t a] *spheres-of-influence deal betwe[en] the two super-powers.* Warni[ngs] such as that the Yugosl[avs] "should be less obnoxious" whi[le] neglecting to say towards who[m] can only be taken as a sign [of] indifference to events in East[ern] Europe.

The Soviets may well ha[ve] made tactical concessions su[ch] as accepting a vaguely word[ed] document instead of a bindi[ng] declaration in order to be ab[le] to hold the long-overdue Berl[in] conference of the European Co[m]munist parties. But this do[es] not change the fact that fa[ced] with centrifugal trends in weste[rn] communism and undisturbed [by] a paralysed U.S. foreign polic[y] the Soviet rulers are making [a] *co-ordinated* effort in all fields [to] hasten political-economic integra[tion] of the East Europe[an] countries with the Soviet Unio[n]

HOME CONTRACTS

£13.2m. orders from NCB

NATIONAL COAL BOARD contracts totalling £13,264,409 have been awarded as follows: Black bolts and nuts, £1,332,000. Corrugated steel sheets, £5.7m. Steel lagging boards £2.3m. Telephone, lighting and signalling cables, £1,227,230. Terry towels to NCB specification, and non-specification Terry towels, £783,139. Miners' rubber safety boots, £380,000. Industrial gases in cylinders £420,000.

+

SHEPHERD CONSTRUCTION, York, has begun work on the site of the new South Cleveland General Hospital, phase 1, under a contract worth £9m. The first part of the contract, the boiler-house and laundry, is planned for completion in 18 months. Twelve wards with a total of 360 beds, operating, sterile supply, diagnostic X-ray, haemodialysis and intensive care units, together with kitchen, and staff residential accommodation, will comprise the second part.

+

LEONARD FAIRCLOUGH has been awarded four housing contracts totalling £4.3m. The City of Leeds has given the company a £1.6m. order for the erection of 191 dwellings in Cottingley. The three other contracts have gone to the Fram Gerrard division of Fairclough with a total of £2.7m. Tameside Metropolitan District has given Fairclough a further contract by negotiation valued at £1.6m. for the construction of 180 dwellings at Hyde, phase II. At Runcorn, where the division is already engaged in a £4.3m. housing project for the Development Corporation, it has won a further contract by negotiation of £675,000 for 90 dwellings at Palacefields 1A North. Greater Hornby Associations has awarded a £400,000 contract for the building of 32 dwellings at Greasby, Wirral.

+

YOUNG AUSTEN AND YOUNG has received contracts worth almost £3.5m. They include: A district heating scheme for the London Borough of Southwark (£600,000); projects for the Department of the Environment, Harrogate, and Clyde submarine base, Fasslane, Dunbartonshire (£615,000); clinical science building, Leicester University (£400,000); John Howard School, Hackney, London (£325,000); second phase of Europa House, Stockport (£150,000) and air conditioning to numerous retail outlets for several major stores (£1,400,000).

+

GEORGE LAW, Kidderminster, Worcs., has received contracts *totalling more than £1.1m., including* three orders from the Severn-Trent Water Authority. These are for an extension to Rushmore water reclamation works, near Wellington (£389,809), extension of Kempsey water reclamation works, near Worcester (£227,763) and construction of Foremark pumping station, near Derby (£218,120).

LABOUR NEWS

Patternmakers reject pay code over differentials

BY ALAN PIKE, LABOUR STAFF

)NCERN OVER erosion of illed workers' pay differentials, iich could cause shop floor stility to the second phase of y policy, led members of the aft-based Patternmakers' Assoation to reject the new Governent-TUC pay proposals yestery.

Only two delegates at the iion's biennial policy conrence at Bournemouth voted ainst an emergency resolution posing the policy. The resoluon said the proposals lacked ovisions for incentives, imoved efficiency or increased oductivity, would not maintain cessary levels of skilled orkers and "did not in any ngible way" contain provisions halt the erosion of craft fferentials.

Mr. Victor Macdonald, the tternmakers' president, prected that the pay policy would "blown apart" on the shop or, and described the proposals "about as flexible and couraging as a Soviet Five ar Plan."

Although the rejection will have little impact on the voting at next month's special TUC congress, it reflects the increasing frustration of skilled workers as they see their relative pay position declining under an incomes policy. This attitude was seen in the recent series of British Leyland toolroom strikes in the Midlands.

Criticised

There is also evidence of a shortage of skilled engineering workers during the next few years, even without an upturn in the economy, which the patternmakers argue can only be overcome by a change in pay structure.

Mr. Macdonald criticised the Government and the leaders of the general workers' unions for their attitudes towards pay differentials.

"The Prime Minister, who seems only to converse with the representatives of the general workers, has airily dismissed the problem of differentials by saying that there are no differentials at the labour exchange. That may be so Jim. But who would accept the responsibilities of Cabinet office for the same salary as the back bencher?"

Even the leaders of unions which preached the advantage of across-the-board pay increases, he added, sturdily maintained the differential which they enjoyed over their own local officials.

Recent pay trends, had driven thousands of skilled men from their trade and if this situation continued there would be a great demand for the easiest and least responsible jobs.

A similar view was expressed yesterday by the Engineering Employers Federation. It says in the May edition of EEF News that it is "extremely concerned" that the proposed second phase of pay policy will continue the erosion of differentials and further diminish comparative rewards for skill and training.

Welsh pit militants fight 4½%

By Our Labour Staff

ILITANT LEADERS of 30,000 outh Wales miners launched a mpaign yesterday to persuade eir members to vote No to the UC-Government pay bargain in national pithead ballot next eek.

A meeting of coalfield deleates voted by 138 to 12 to pose the deal, despite last eek's 13 to 11 decision by the ecutive of the National Union Mineworkers to support it.

The Welsh miners' vote is in ne with an area conference ecision, before the pay policy as announced, to press for rises up to £33 a week early next ar to give faceworkers £100 a eek.

The Left-wing fight against age restraint at the July conrence of the NUM is due to be d by the Welsh, Scottish and orkshire areas, but their conrence resolutions will almost rtainly be overtaken if the pitead ballot supports the ational executive, as it is execied to do.

After yesterday's delegate neeting at Bridgend, Glamorgan, Mr. Emlyn Williams, South Wales area president, said: "I am certain that he rank-and-file miner will reject the new policy as ridiculous. We want no truck with a 4½ per cent pay-rise limit, which means hat our members would not be ble to maintain their present ving standards."

GMWU puts faith in Government plans

BY OUR LABOUR STAFF

THE TRADE UNION movement is placing its faith in the Labour Government's ability and determination to tackle the problems of unemployment and inflation, Mr. David Basnett, general secretary of the General and Municipal Workers' Union, said yesterday.

He was speaking after a special meeting of the GMWU executive had approved a report recommending that the union's conference, which meets shortly before the special Trades Union Congress next month, should endorse the second phase of pay policy.

"My executive recognise that this new policy represents some further sacrifice by our members, but they also recognise the continuing seriousness of the economic situation," said Mr. Basnett. "The GMWU, like the vast majority of the British trade union movement, are displaying an enormous sense of responsibility in these circumstances."

The trade unions, he stressed, would expect further Government measures to create and safeguard jobs, including selective import controls and development of a "more vigorous" industrial strategy.

GMWU shop stewards in the private sector would be urged to "badger" management at local level into making effective forward plans, taking investment decisions and involving the workers in them.

"But it is not just Government and trade unions who must act. We must also ensure that the industrial and financial sectors play their full part, notably lacking so far, in raising productive investment in the country and providing secure jobs for our workers."

Strike at Legal and General

THIRTY service employees at the City of London office of the Legal and General Assurance Society start a 24-hour strike to-day in support of their claim for higher merit payments and London weighting allowance. The staff, all members of the Association of Scientific, Technical and Managerial Staffs, intend to picket the society's annual meeting to-morrow.

Hour's pay for Cowley overtime

By Our Labour Staff

IGHT SHIFT workers who ported for duty at Leyland's wley plant although overtime d been cancelled because of foremen's dispute will get one ur's pay, the company has cided.

Day shift workers will not be id because, says Leyland, the ncellation of overtime was nounced while they were at rk.

About 60 men arrived for work d carried out rectification jobs Saturday, saying that they re making the gesture for the od of the company and did mind if they received no pay. The foremen whose action led the cancellation of overtime threatening to strike for 24 urs on Thursday over comints that minor grievances ve been ignored, but Leyland pes this will be averted by ks now arranged.

Twenty shop stewards may demoted for working overe against their union's truction.

The national executive of the algamated Union of Engineer Workers to-day will consider request from its Darlington trict committee to withdraw men's shop steward dentials.

The men said that each worked hours' overtime to prevent American-owned Cummins gine Company from losing an ler. The union banned overe at the company's Darling factory last year in protest inst a redundancy proamme.

BSC unions seek freeze on democracy scheme

BY IAN HARGREAVES, LABOUR CORRESPONDENT

UNIONS AT the British Steel Corporation have asked for a freezing of plans to extend the corporation's worker director scheme.

The corporation is believed to have proposed the appointment of five new worker directors, but the TUC Steel Committee has asked for the plan to be shelved until March of next year to give the unions more time to work out a common stance.

The unions have agreed, however, that the appointments of all existing worker directors be extended where necessary to March and that vacancies left by retirement before that date be filled.

The steel committee, whose member unions have taken up a wide range of views on the subject of worker participation, now faces the task of preparing an agreement on the corporation's proposals. It is also expected to submit views to the Government inquiry into employee participation in the nationalised industries, which should report at about the same time as the Bullock inquiry into industrial democracy in the private sector next winter.

Some members of the steel committee are known to favour abolition of even the present worker director structure because they feel it has made no contribution to real participation.

Any attempt to widen the scheme, as has been publicly suggested by Sir Monty Finniston, chairman of BSC, is likely to meet with stiff resistance.

Non-TUC group defends separate role

By Our Labour Staff

THE CONFEDERATION of Employee Organisations is not aiming to change the TUC but simply offering a service to members of staff associations and trade unions who prefer its structure and political independence, Mr. Paul Nicolson, the confederation's general secretary, said yesterday.

He was replying to criticisms of the confederation voiced last week in a policy document by the Industrial Society, which exists to promote relations within industry. The document said the confederation was not the best way of achieving "more responsive and relevant trade unionism."

Mr. Nicolson said it would be impertinent to try to change the TUC from outside. His organisation existed to negotiate on behalf of its 43 member trade unions and their 80,000 members.

By-pass opened

E four-mile Kingsteignton l Newton Abbot by-pass, von was opened yesterday. e motorway means a shorter rney between Exeter and bay and a quieter life for idents along the old main d.

Tailors to call for maximum pay increase

BY OUR LABOUR STAFF

ABOUT 60,000 people employed in wholesale tailoring will not pursue in the next round of pay talks the £2.40 shortfall they claim to have suffered during the period of the £6 limit.

Instead, the National Union of Tailors and Garmentworkers has decided to press ahead with an early claim for the maximum increases for all members permitted under the new pay deal which is expected to be ratified by the TUC special congress on June 16.

The union has formally submitted advance notice of its intentions to the Clothing Manufacturers' Federation and agreed that the implementation date of the new agreement should be September.

The National Union of Dyers, Bleachers and Textile Workers announced yesterday that it had accepted a pay increase of £3.57 a week on behalf of about 20,000 employees in the industry's finishing sector. The claim had been the subject of conciliation.

Revenue man defends search plan

BY OUR LABOUR STAFF

E Chancellor's controversial oposal to allow tax inspectors search premises if fraud or sion are suspected has been ended by a leader of the Ind Revenue trade union.

Mr. Tony Christopher, joint neral secretary of the Inland venue Staff Federation, says t the Chancellor is showing reat courage" in proposing nges to the Taxes Managent Act of 1970.

"For far too long the Board of Inland Revenue, at least with one arm tied behind its back, has been struggling unsuccessfully with increasingly sophisticated manipulators."

Writing in his union's journal, he says inspectors have no wish to "become part of any police state" and condemns suggestions that children will be interviewed and "honest citizens turned out of their semi-detached homes at night."

Mr. Christopher says that it has been too often ignored that the amendment concerns only cases where a serious offence is suspected.

"Tax frauds are criminal offences. They should not be made special—or respectable—just because they tend to involve 'company directors and businessmen.' If magistrates' search warrants are O.K. for suspected burglars, they should be good enough for those suspected of tax frauds."

PARLIAMENT

Tories to fight 'Snooper's charter'

Sir Geoffrey declares war on new Revenue powers

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

THE OPPOSITION last night rejected as inadequate Government suggestions for safeguards on the use of the controversial "Snooper's Charter" clause in the Finance Bill—the clause enabling an Inland Revenue inspector to enter and search a taxpayer's home for evidence of tax evasion.

Sir Geoffrey Howe, shadow Chancellor, said that Government claims that the powers would only be used in a handful of cases each year, and the proposal that a search warrant should only be issued by a High Court judge or two special commissioners, instead of on the *authority of a Justice of the Peace*, failed to meet the widespread anxiety now aroused.

When he launched the first *main attack over the issue in* the Commons, Sir Geoffrey warned Ministers that the Tories would do their best to scrap the whole of the search provisions when the details come before the "upstairs" Standing Committee.

"We seek to defeat the clause as a whole," the shadow Chancellor told the Government, on the last night that the House, as a whole, debated the Bill on the committee stage.

Taking the authority for issuing a search warrant out of the hands of JPs and putting it into the hands of a judge or the two special commissioners would be an improvement, the Tories conceded—but still no more than a palliative.

At the same time, Sir Geoffrey denied that the Opposition was seeking to enlarge the possibilities of tax evasion. He agreed that tax inspectors should have reasonable powers.

But it was not reasonable, as proposed in Clause 48 of the Bill, to violate the citizen's right to privacy in his own home.

Government reminders that these powers of search had been provided by the Tories themselves when they were in Government in 1972, in order to police *the proper return of VAT*, were dismissed by the Opposition as irrelevant.

"We have said we were prepared to re-examine the VAT powers," Sir Geoffrey told Ministers. "And we think that time has come. Some of us feel that they should be withdrawn altogether."

Sir Geoffrey did not go as far as that himself, but pointed out that it was because th eVAT *powers for search of private* premises had been extensively used that widespread alarm had been roused over the further proposals in the present Bill.

Private accommodation had been searched and investigated under the VAT powers on no less than 143 occasions, said Sir *Geoffrey. There were only about* 2m. VAT traders whereas the provisions in the present Bill would apply to about seven or eight times as many ordinary tax payers—not least, ordinary PAYE taxpayers.

There have been about 150 complaints about the way the VAT powers had been used, including one where it was claimed that diaries, handbags and other items of a personal nature had been searched.

More and more people were taking on more than one job. It could, in fact, be suggested that we were becoming a nation of moonlighters. But with a large number of people paying tax under PAYE and supplementary tax on other earnings, fears that more and more searches of private homes would occur was greatly increased.

Sir Geoffrey criticised the fact that there were no conditions to be satisfied before the warrant was issued, and no list to be left behind of the things that were taken away.

More and more people thought they were living in a country where their freedom and liberty were being chipped away. This clause was one more weapon in the armoury of socialism, declared Sir Geoffrey.

North Sea spending at £3.6bn.

Financial Times Reporter

TOTAL EXPENDITURE on North Sea exploration and development to the end of 1975 is estimated at £3.6bn., Mr. Anthony Wedgwood Benn, Secretary for Energy, told the Commons yesterday.

Expenditure in this period by NCB (Exploration) and by Gas Council (Exploration), subsidiaries of the NCB and the British Gas Corporation respectively, was £211m., about 6 per cent. of the total. The remaining 94 per cent. was contributed by private sector bodies.

Mr. Benn stated that it was estimated that total cumulative expenditure would have risen to about £5.5bn. by the end of this year.

Earthquake aid total

BRITISH AID during the recent Italian earthquakes amounted to £132,000, Lord Goronwy-Roberts, Minister of State, Foreign Office, told the Lords yesterday.

Share incentive schemes

FINANCIAL TIMES REPORTER

THE STOP-LOSS protection provision in Clause 58 of the Finance Bill, relating to share incentive schemes, is not to be applied to cases in which the shares and rights were acquired before Budget day—April 6, 1976.

This was announced by Mr. Joel Barnett, Chief Secretary to the Treasury, in a written reply in the Commons yesterday to Mr. Raymond Fletcher (Lab., Ilkeston) who asked what complaints had been received about the retrospective nature of the stop-loss provisions in the clause.

Mr. Barnett stated: "Under *many share incentive schemes*, where the right to stop-loss protection was acquired before March 27, 1974, its implementation cannot give rise to a benefit chargeable under Clause 58 until 1980. This is because waivers of loans on which the interest is eligible for relief are exempted from tax under Paragraph two of Schedule eight.

"I accept, however, that there is a good case for removing entirely from the scope of Clause 58 the implementation of stop-loss protection under schemes in which the shares and rights were acquired before April 6, 1976, and the Government amendment to this effect will be moved in Standing Committee."

Mr. Barnett explained that this would mean that Paragraph two of Schedule eight became otiose in relation to loans waived in the course of stop-loss protection, and since there was no good reason for exempting other types of loan waiver, an amendment would be moved to withdraw this paragraph.

● Mr. Denzil Davies, Treasury Minister of State, confirmed that it was intended to table a new clause in the Standing Committee to enable parent or consortium companies with gains arising from aircraft and shipbuilding nationalisation to make claims for "roll over relief" if the compensation was invested *in qualifying assets*.

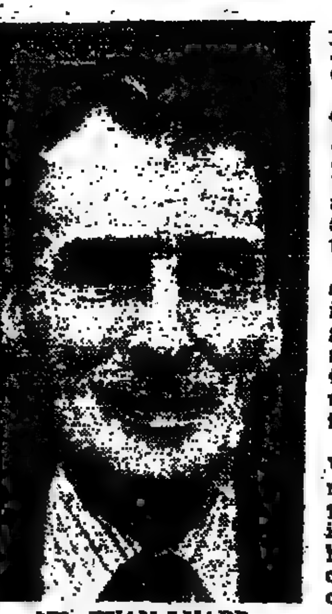
"This will extend to cases where the reinvestment is made by a trading member of the same group," he stated.

MPs angry over possible influx of Malawi Asians

BY JOHN HUNT

THERE WERE bitter protests from both sides of the Commons yesterday over the possibility of a large scale influx of Asian immigrants from Malawi to Britain as a result of Dr. Hastings Banda's decision to expel Asians of Goan descent.

A surprisingly hard line was taken by Mr. Bob Mellish, Labour MP for Bermondsey and until recently the Government Chief Whip. There were cheers as he warned Mr. Evan Luard, Under-Secretary at the Foreign Office, that "enough is enough."



MR. EVAN LUARD
Urged by Tories to visit Dr. Banda.

Mr. Luard announced that he is to-day meeting Mr. Robert Mbaya, the High Commissioner of Malawi in London, and would pass on to him the deep concern felt by MPs.

He told the House that the Government did not anticipate an exodus from Malawi along the lines of the Ugandan Asians a few years ago. The number of East African passport holders coming in each year under the voucher scheme was 5,000 and when dependants were taken into account, the total was between *15,000 and 20,000*.

There was no present intention of increasing that number, he said. But if there were a sudden emergency and he did not anticipate one—the matter would obviously have to be looked at again.

The Under Secretary criticised *local authorities who housed* immigrants from Malawi in unsuitable accommodation as had happened recently at Gatwick Airport when a group was placed in a four-star hotel. Mr. Luard agreed that more suitable accommodation should be found.

At one stage, there was scornful Tory laughter when Mr. Luard said that as far as he knew there was no evidence of racial discrimination in the *expulsions from Malawi*.

He emphasised that under arrangements made by the former Conservative Government, Asians who became citizens of newly independent African countries could be provided with U.K. passports. The arrangement was that immigration from Africa should be phased over 10 years.

"The indications are that this is being kept to, and in two years' time most of the Asians in Africa will have come here," he added. "I do not believe anybody in this House would feel we were able to justify preventing such *people from coming here*."

He was prepared to have consultations with other Departments to see what special arrangements could be made to receive Asians from Malawi.

Many Conservative backbenchers took the line that Britain had no obligation to admit these immigrants and urged that they should be sent back to the Goan area of India. Mr. Ronald Bell (C., Beconsfield) *unsuccessfully tried to get an* emergency debate to discuss the matter.

From the Labour benches, Mr. Mellish told the Minister: "Most of us on this side of the House think that Dr. Banda is a racialist of the worst kind.

"This nation of ours has done all that it should have done and its record in receiving those with British passports is one of great honour and integrity. But I say to my Right honourable friend—enough is enough."

Urging the Government to have further discussions with Canada, Australia and other Commonwealth countries to persuade them to take their share of the burden, he declared: "If we don't face up to it now, we will have to later on."

Mr. Reginald Maudling, shadow Foreign Secretary, asked for a categorical assurance that there would be no increase in the overall quota for British passport holders coming in from Africa. He wanted to know why the Goans were being expelled and suggested that Mr. Luard should visit Malawi to thrash out the matter with Dr. Banda.

Mr. Luard, who seemed taken *aback by the strength of feeling* in the House, said there were no grounds at present to justify a special Ministerial visit. The Government, he said, had been unable to find out the reasons for the expulsions.

Mr. Andrew Faulds (Lab., Warley E.) wanted to know what representations Britain had made to Malawi about the improper imprisonment of British passport holders which, he said, was a common practice "under the dictatorship of Dr. Banda."

According to Mr. Michael Shersby (C., Uxbridge), the Government of Malawi should be told that Britain would not tolerate the expulsion of U.K. passport holders for flimsy reasons. He said that it would be quite impossible for local authorities near the major airports ot deal with the influx on the scale that could occur by June.

A national resettlement bureau should be set up to deal with the problem, he urged.

For Sir Bernard Braine (C., Essex SE) came a protest that U.K. passport holders were being treated in an uncivilised way by an African government that has been a major recipient of overseas aid provided by the British taxpayer.

Mr. Luard agreed that the *Malawi Government* "should bear carefully in mind the fact that it is the recipient of aid from this country."

Minister firm on Ulster policy

THE GOVERNMENT will not change course in Northern Ireland because of cold-blooded murders of policeman and the crimes of sectarian gangsters, Mr. Roland Moyle, Minister of State, Northern Ireland, said in the Commons yesterday.

Mr. Airey Neave, shadow Northern Ireland Secretary, called for tough and quick decisions after "this last shocking week-end." He urged that there should be no more contact between the Government and terrorist organisations.

In a statement, Mr. Moyle paid tribute to the five members of the RUC "who have so gallantly laid down their lives in the service of the whole *community*." *He added*: "We are determined that the rule of law will prevail.

"Despite these cowardly attacks, the morale and determination of the RUC is high. They deserve the unstinted support of the whole community and of this House."

Mr. Neave declared: "It is *horrifying that the Government*'s security policy has not—after several years—been able to protect innocent people."

Mr. Moyle replied that security forces had always been provided with the necessary facilities to achieve whatever co-ordination was desired.

The Minister said that the core of the Government's policy was to secure the conviction of terrorists through the use of the criminal law in the courts. "The process cannot be based on an arithmetical equation involving an automatic and simultaneous reduction in the number of soldiers as the strength of the RUC increases. The roles of the Army and the RUC complement one another. Both are needed."

Minister seeks to remove fears of damage to car industry

FINANCIAL TIMES REPORTER

FEARS ABOUT the effect of the new restrictions on fringe benefits proposed in the Finance Bill *on the production of Rolls-Royce* cars were expressed in the Commons yesterday by Mrs. Gwyneth Dunwoody (Lab., Crewe).

While accepting the need to deal with unfair taxation practices, she said it would be a pity if Rolls-Royce, which sold 60 per cent. of its products overseas and was one of the nation's foremost exporters, were to be damaged.

Mr. Alan Williams, Minister of State for Industry, said the Government accepted the need not to cause any unnecessary damage to the car industry and, for this reason, consultations were continuing with the industry about the implications of the new restrictions.

Mr. Jeff Rooker (Lab., Perry Barr) asked "If all Rolls-Royce cars get sent abroad for export, what is wrong with that?"

Mr. Williams agreed that the Government wanted to see an export-led boom but he was quite sure that it did not want to damage the domestic car market. "We have to be fair in our taxation system," he said.

Earlier, Mr. Eric Varley, Secretary for Industry, told the House that, so far, £27m. had been advanced to Chrysler to meet losses under the Government's agreement with the company and that it had received a further £2m. in loans.

Answering Mr. Michael Heseltine, shadow Industry Minister, Mr. Varley said there had been no change in the amount of funds needed to carry through the strategy for the company. "It is still envisaged that Chrysler U.K. will make losses this year of approximately £40m.," he stated.

NEB action protest

FINANCIAL TIMES REPORTER

QUESTIONED IN the Commons yesterday about the acquisition *of profitable manufacturing com*panies by the National Enterprise Board, Mr. Gerald Kaufman, Minister of State for Industry, stated that it had acquisitions in hand which were still commercially confidential.

This disclosure brought protests from Conservative MPs, who claimed there was a contradiction between Government policy and the statements made by the *Prime Minister at last* week's meeting of the Labour Party national executive on proposals by the Home Policy Committee *for the further extension* of public ownership.

Mr. Kaufman reminded his critics that the 1975 Industry Act *made it possible for the* NEB to make investment in profitable sectors of private manufacturing industry.

It was the statutory function of the NEB to make such acquisitions, he said. He was quite satisfied with the progress that the Board was making and he did not contemplate issuing any direction to the Board on the matter.

Mr. Michael Grylls (C., Surrey NW) asked for confirmation that the NEB would not be taking over any pharmaceutical firm.

Mr. Kaufman retorted: "Not at all. If the NEB found it appropriate to its function to enter the pharmaceutical range *of industry that would be a very* profitable thing for it to do."

From the Opposition front bench Mr. Tom King asked how the *Prime Minister's policy* of looking for a fixed frontier between the public and private sectors could be achieved if the NEB was allowed to acquire yet more profitable private manufacturing companies.

Mr. Kaufman maintained that the Government's policy had not changed from that stated in the White Paper on the regeneration of British industry.

Same rules 'will apply'

IN A WRITTEN reply in the Commons yesterday, Mr. Robert Sheldon, *Financial Secretary* to the Treasury, explained why Ministers are not assessed by the Inland Revenue for receiving a benefit *in respect of the use of* Government cars and chauffeurs for journeys between their homes and offices.

He told Mr. Neville Trotter (C., Tynemouth): "Government Ministers are not at present taxed under the special legislation relating to fringe benefits because it applies only to directors and higher paid employees of trading concerns."

Mr. Sheldon added that under the proposals in the Finance Bill the same rules would apply to official cars used by Ministers as to the use of business cars by directors and other higher paid employees.

Bus system 'stricken by inertia'—Peer

BRITAIN'S BUS system was "stricken by inertia and besotted by subsidy," Lord Mowbray, Segrave and Stourton, Opposition environment spokesman, told the Lords yesterday.

In a debate on the Government's consultative document on transport policy, he said many areas were facing "a virtual cessation of public transport." He emphasised that the public wanted a service, rather than a system.

Lord Mowbray claimed British Rail's current deficit was costing the taxpayer about £21 every second of the day—"a rather *terrifying sum, especially when* we are dealing with an economic crisis." The railways had to convince the community that they *gave value for money*.

Lord Mowbray said that the Government's consultative document had made no attempt to break down the £130m. a year spent on bus subsidies. This information was essential if the future of the industry was to be properly debated.

On the Government's policy for roads, Lord Mowbray said: "We all acknowledge the need to cut public expenditure, but projected future expenditure on roads has already been cut by *40 per cent*. To make severe reductions in road programmes is dangerously near to eating the seed corn."

Lord Sainsbury (Lab) said there should be care about restricting the motorist. Personal mobility was very important.

Declaring an interest which "my name implies," he called for more edge-of-town supermarkets. Between 1970 and 1974, the proportion of grocery expenditure brought home by car owners *rose from 24* per cent. to 32 per cent. and the quadrupling of oil prices had not altered this.

Lunch vouchers —and taxation

IT WOULD cost the Inland Revenue £10m. if luncheon vouchers were increased in line with the cost of living, Lord Jacques, Government Treasury spokesman said in the Lords yesterday. He explained that vouchers were not taxed if their value did not exceed 15p a day —a concession which cost the Treasury £9m. a year.

"If we were to raise it to meet the cost measured by the retail price index, it would add another £10m. a year, making £19m. a year," he added.

Cricket ban 'silly'—Peer

THE DECISION of Mr. Denis Howell, Minister for Sport, not to allow a Rhodesian cricket *team entry* into the U.K. was "damned silly," Lord Shinwell (Lab.) said in the Lords yesterday.

His comment came *after Lord* Avebury (L.) had said that if such a team were allowed to come here, it would seriously damage relationships between this country and our partners in the Commonwealth.

Lord Balfour of Inchrye (C.) recalled that Mr. Howell had said that, as individuals, members of a cricket team were welcome to come to Britain. "Suppose a certain number of individuals were here and were wicked enough to get together and play cricket? Would they be expelled?"

Lord Goronwy-Roberts replied: "No, indeed not, but I hope no Government would use the game of cricket to uphold the character of an illegal regime in rebellion against the Queen"

Pay beds Bill begins committee stage to-day

BY PHILIP RAWSTORNE

THE GOVERNMENT'S Bill to phase out pay beds in National Health Service hospitals to-day begins its committee stage in the Commons, in the face of *determined Conservative opposition*.

Following the Government's loss of its overall Commons *majority*, the *committee*, which will conduct the line-by-line examination of the Health Services Bill, will be manned by equal numbers of Labour and Opposition MPs. Eight Conservatives will be supported by an Ulster Unionist, Mr. John Dunlop.

Though Mr. Victor Goodhew, the chairman, will normally use his casting vote in any tie to prevent amendment to the legislation, the Conservatives will be given considerable scope for obstructing its progress.

Ministers have already abandoned their original hopes of getting the *Bill* through Parliament by July, and are now aiming to pass it to the Lords before the summer recess and then complete its passage in the autumn spill-over period.

Mr. Patrick Jenkin, who, with Dr. Gerard Vaughan, will lead the Conservative team, said yesterday: "The Bill touches very sensitive issues for the medical profession. Minister will have to meet our arguments if progress is to be made. But while we shall debate our amendments fully, we have no intention of filibustering."

Mr. Jenkins said the Conservatives had three main objectives—to expose the "hollowness" of the Government's case for separating independent practice from the NHS; to seek proper protection for patients; and if they could not force the Government to withdraw the Bill, at least to amend it drastically.

The Conservative amendments in particular will seek to *strengthen the independence* of the proposed Health Services Board which will decide on the pay beds to be phased out after the first 1,000.

Criminal libel law attacked

THE Director of Public Prosecutions will not be taking over the criminal libel proceedings started privately by financier, Mr. Jimmy Goldsmith, against Private Eye, Mr. Sam Silkin, Attorney General told MPs in the Commons yesterday.

Mr. Brian Sedgemore (Labour Luton W.) claimed that the criminal libel law was an "affront to the Bill of Rights and a totally unnecessary invasion of the liberty of the individual and the freedom of the Press."

Mr. Max Madden (Labour, Sowerby) said that the use of criminal libel proceedings could be "embraced by Godfather-like figures in the City and big business to silence the Press."

Mr. Silkin said it was up to the Home Secretary, (Mr. Jenkins) to put forward any proposals for amending the criminal law.

The Executive's World

EDITED BY JOHN ELLIOTT

:ompanies are becoming increasingly concerned about public understanding of the role of profits. **Geoffrey Owen** reports

The pressing need for disclosure and profitability

ORE AND more companies e now engaged in a campaign education about profits. They e trying to get across to vernment, employees and the iblic at large that unless ofits are raised to "adequate" vels none of the social and onomic objectives which the untry is aiming at can be hieved. But there is still a eat deal of confusion about at constitutes adequate profitility and how to justify it in rms which sceptical "anti-pitalists," who are by no eans confined to the Left ing of the Labour Party, will d convincing.

Part of the misunderstanding ncerns the purpose of business itself. Attitudes towards ofits are influenced by the tion that a business exists in der to make money for the areholders. While this may be ue of some small companies, is grossly misleading as a scription of what motivates e people who run the bulk of dustry. Few chairmen to-day uld put the satisfaction of eir shareholders as the sole jective of the business.

Some of them, indeed, regard vidends almost as a fixed cost; d the fact that the amount yable is at present effectively termined by the Government turally encourages that view. eping the shareholders happy a necessary condition for ying in business (and one at has not been fulfilled in ent years, partly because of vidend control), but it is not e central consideration. anagers often regard themves as responsible for a ndle of assets which they ve a duty to manage as skilly as possible in the interests employees and the community as well as the shareholders. Their objective, in the broadest terms, is the healthy survival of the business.

Keeping the business healthy means, among other things, making sure that it does not run out of cash. Many managers tend to think in terms of cash rather than a target rate of return on capital; partly for this reason it provides a simple way of demonstrating the need for a certain level of profits. To maintain the real value of the business, cash going out—working capital requirements, fixed asset replacement, taxation and dividends—has to be matched by cash coming in, primarily retained earnings and depreciation. This has the great advantage of showing how inflation, because of its effect on working capital needs and fixed asset replacement, creates the need for more profits simply to maintain the business in real terms.

Expansion in real terms

To expand the business in real terms does and should involve recourse to outside capital. There is certainly no case for arguing that expansion should be wholly or even mainly financed out of retained profits. But equally it is quite wrong that companies should be forced to seek external capital simply in order to maintain the value of the business.

In practice a company's cash requirements tend to be lumped together, covering working capital needs, replacement of fixed assets and expansion. One large company works on the basis that roughly 70 per cent. of its total cash requirements should be met by internally generated funds and 30 per cent. by outside finance; this is where the shareholders come in. But the return on existing assets must be high enough to make it possible to attract new capital.

Companies are chary of disclosing their target rate of return on capital employed, for fear that it will be misinterpreted. If their results are far below it, they will be accused of inefficiency; if above it, of greed. But there are ways of showing that profits before interest and tax amounting to around 25 per cent. of capital employed represent a reasonable minimum for most businesses in to-day's conditions.

The Review Board for Government Contracts worked out in 1974 that on a current purchasing power basis the real after-tax return on equity in 1960-66 was 6.8 per cent. This compared with a net return from holding Government securities (after deducting tax at the standard rate and allowing for inflation) of 0.5 per cent. It was equivalent to a 14 per cent. return on capital employed on the conventional historic basis. The Board calculated that in 1975, to obtain the same real return as in the earlier period, the rate of return on capital employed, on an historic basis, would have to be increased to 22.4 per cent.

A similar point was made in the recent report on the Price Code by the "100 Group" working party. The report noted that under the Code, companies are allowed to amend their reference levels and increase prices so as to give a 10 per cent. return on historic capital costs. This figure, the report suggested, should be increased to 25 per cent. to approximate to a minimum adequate return on capital on a current cost accounting basis.

Another approach is given in table I, which is taken from a United Biscuits publication aimed primarily at its employees. The company was making the point that capital must earn at least the minimum return which will enable it to be maintained in real terms. The percentages used might apply to United Biscuits: other firms, the company pointed out, would use different rates to cater for the element of risk, internal inflation and asset life applicable to them. The two columns highlight the variation in necessary levels of return between weak, inflationary economies like the U.K. and stronger countries like the U.S.

TABLE I—PERCENTAGE RETURN REQUIRED ON CAPITAL EMPLOYED

	Under current inflation and U.K. interest rates	Under 4% inflation and U.S. interest rates
(a) Minimum return (based on rate of near maturity gilt-edged stock)	10	5
(b) Risk factor—appropriate for industry and recognising company gearing (Risk Table in 0—10% range)	4	3
(c) Working capital increase due to inflation (as it affects an individual company and grossed up for Corporation Tax at 52%)	5	3
(d) Replacement value of fixed assets divided by their average life to arrive at one year's cost	7	6
MINIMUM PRE-TAX RETURN	26	17

Source: United Biscuits

TABLE II—VALUE ADDED STATEMENT

	1975 £m.	1974 £m.
Sales	339.43	399.81
Bought-in materials and services	229.78	284.51
Value Added	109.65	115.30
Applied in the following way:		
To pay employees	82.61	74.31
To pay providers of capital	15.59	17.03
Payable to Governments in tax	4.67	12.11
To provide for maintenance and expansion of assets	6.78	11.85
Value Added	109.65	115.30

Source: Delta Metal

One of the reasons for reticence on the subject of profit targets is that figures of 25 per cent. or more seem alarmingly high in comparison with the returns available to employees on their own savings. This is where adoption of inflation-adjusted accounts should be helpful in explaining to people the real condition of a business. The fact that, for example, Tube Investments' 13.1 per cent. return on net assets employed in 1975 becomes 3.6 per cent. on a current purchasing power basis, should put the company's profit performance in better perspective.

Delta Metal is one of the first companies to have included in its annual report the Sandilands-recommended current cost accounts. These show that in 1974 reported pre-tax profits of £26.35m. would have become £16.33m., while in 1975 (an exceptionally bad year) £11.63m. would have become £520,000. In a newsletter for employees the company was able to explain quite simply how the lower figure was arrived at. A machine bought in 1965 for £100,000 and depreciated over ten years now costs at least £200,000 to replace: an amount of £4.7m. has to bet set aside to allow the company to replace plant at higher prices.

What happens to wealth

The same applies to stocks. "At present," the newsletter says, "if we use a piece of steel to make some switchgear, we charge the original cost of that steel to arrive at the profit we make on that job. But because of inflation we have to replace that steel at a higher price—sheet steel is now £144 per tonne compared with £129 per tonne at the beginning of 1976—so we constantly need to have more money available for financing our stock. Therefore we should be charging not the original cost but the replacement cost of that steel in determining our profit." Hence a further £6.4m. has to be set aside for the replacement of stocks. With the resulting profit figure of £500,000, it is not difficult for the chairman to conclude: "Clearly we are not earning nearly enough in real terms to maintain and develop the business."

The value added statement, which Delta, in common with a growing number of other companies, now includes in its annual report and which is summarised in table II, is also useful in showing what happens to the wealth created by a business. As the chairman, Lord Caldecote, pointed out in the newsletter, "Out of every £ of added value we paid 76p to employees. Then we had to pay those who provided the capital to run our business—so the banks who lent us money got 8p and the shareholders 6p. Governments took 4p in tax and we were left with just 6p to plough back into the business."

Employees in large companies are mainly interested in the performance and prospects of their particular division. Most managements are reluctant to give a full breakdown of return on capital employed by division, although some do it. Tube Investments gives sales, profits before interest and tax, and net assets employed in all the main divisions. In 1975 the rate of return ranged from 28.4 per cent. in steel tubes to 9.8 per cent. in the cycle division.

No doubt some companies fear that if they show above-average profitability in a particular division, the unions will use it as a bargaining counter to extract higher wages. They may also feel that before they get into sophisticated discussions about why, say, the pharmaceutical subsidiary has to earn a much higher return than the fertiliser division, some education in basic principles must take place first. But disclosure of this kind may become mandatory in the future and companies should prepare themselves for it.

Talk about minimum returns, whether on a divisional or a group basis, worries many businessmen because it implies the concept of "excess" profits if the minimum is exceeded. The issue may seem academic with profits at their present levels, but they will have to argue that if they earn profits consistently higher than the minimum, this is a sign of efficiency, not of greed, and that high profits enable the company to do more of the things it wants to do, for the benefit of employees and the community. As the Monopolies Commission has said, "in competitive conditions an efficient producer earning a high rate of profit may well be serving the public interest better than an inefficient one earning a low rate of profit."

An alternative approach, suggested by Mr. Hector Laing, chairman of United Biscuits, is to accept that in certain sensitive industries, such as food manufacturing, controls over prices and profits will remain for some time to come. He suggests therefore that agreement should be sought with Government and unions on "a code of practice" covering profits and investment. This would include the idea of a minimum return along the lines of table I.

Freedom on prices

Companies would be free to raise and lower prices as long as profits do not exceed the reference level, which would be reviewed every two years. There would be other provisions, including a requirement that, if profitability was in excess of 90 per cent. of the reference level, the company would commit itself to invest annually the cash equivalent of one year's replacement cost of fixed assets in replacing and renewing plant and equipment; with lower profitability, the commitment would be scaled down.

This is an attempt to work towards the "national consensus on profits" which Mrs. Shirley Williams, Secretary of State for Prices and Consumer Protection, has described as a major priority. It could well have some relevance for the food industry under the present Government's policies. But for most other industries the proposal implies a degree of administrative control over prices and profits which they would regard as unworkable.

What is clear, nevertheless, is that companies will not get the pricing freedom they want unless they do a better job of explaining what profits are and why they should be higher. To do so may involve disclosing more about their plans and objectives than they would like. But if the result is a better understanding of the market economy, the price will be worth paying.

UNLOP EVIDENCE TO BULLOCK

Management objects to TUC's plans

IDENCE OPPOSING the JC's plans for trade union-ised worker directors has been ouring into the Bullock Committee of Inquiry on industrial emocracy in the past three onths. The pivotal point for his evidence has been the BI's submission which, while pposing the TUC, calls for ompanies to be required by w to negotiate participation reements with their employees.

Different organisations have oadly supported this CBI w from varying standpoints. e of the most detailed arguents opposing the TUC on anagerial as well as doctrinal ounds has come from the unlop Group, which favours a gree of participation provid- it does not impair commercial efficiency.

Published to-day, this evidence ggests that Boards of direcs and line management could t function effectively if weighed down with trade union-style conflicts of loyalty.

It also underlines the unease felt by many managements about compulsory disclosure of information to unions when it explains that Dunlop has developed policies on employee communications, but adds: "It is, however, no good hiding the fact that managers will not voluntarily disclose sensitive information."

Many managements fear that union officials will disclose sensitive information, quite often by accident. Dunlop underlines this problem, which arises both through Industry Act and Employment Protection Act provisions as well as through possible worker directors, when it says: "The fundamental importance of job security is readily understood but what is often disregarded is the damage that can be done to a company and its employees by the premature disclosure of its intentions in a competitive world."

Nevertheless, while stressing these problems, Dunlop is also taking initial steps towards educating its shop stewards so that they can understand financial information they receive which they are less accustomed to examining than the management involved.

After conducting a survey of its present arrangements—which include an annual publication, Dunlop At Work in Britain, the 1975 edition of which is to be published on Thursday, the company says the financial information it hands over must "give a true picture of the unit involved." This means the statistics must be inflation adjusted and include a full allocation of overheads and corporation tax. Dunlop is also considering how to present facts for self-contained production units which are not individual profit centres.

Its training is still at early stages but part of its internal courses have been turned over to the appreciation of financial information, sometimes with shop stewards attending with middle managers.

On the issue of the impact of the TUC's ideas on effective management, the evidence explains that in the U.K. Dunlop is divided into four product groups (tyres, engineering, consumer, and industrial) which are sub-divided into 22 divisions, each under the control of a general manager who has responsibility for the profits of a number of separate sites. Annual budgets are set against which divisional performance is measured and funds for both fixed and working capital are allocated from the centre, which also supplements the divisions' own research organisation as well as supplying finance, personnel, corporate planning and other functions.

This leads Dunlop to warn: "Decision taking is therefore widely dispersed throughout the group and for effectiveness should be so. Managers must be able to respond to rapidly changing circumstances . . . . Profit in a business is usually made at the margin. It is the relentless pursuit of small improvements which is one of the hall-marks of good managers. In Dunlop, responsibility for decision taking rests in the hands of literally hundreds of people."

Explaining that such decisions have to be taken against the background of conflicting interests of the Government, the company or its divisions, its customers and employees, its neighbours and suppliers, and its short and long term aims, Dunlop adds: "If a further conflict of loyalty were added to the list, namely between loyalty to the company and to a trade union in reaching business decisions, the fine balance between success and failure would easily be upset."

On the company Boards, Dunlop says "directors should not act as representatives of a special interest," and adds: "The Board must act as a team and avoid factions; it must not become a place for negotiations but must reach decisions on their merits and not as a trade-off for counter-decisions."

Dunlop backs up its objections to the TUC's ideas by stressing the different sociological and industrial traditions in Germany, where Dunlop operates, which makes its worker director system effective. But trade unions are now to be given more power on German Boards and Dunlop warns that this "will upset a balance of employee representation which has worked successfully in the past."

It also condemns the Common Market's new proposals on the subject, as "facile and dangerous," because the EEC suggests there is a "democratic imperative" in European industry without analysing the basic purposes of companies. "An enterprise consists of more than those employed in it," declares Dunlop.

John Elliott

THE FINANCIAL TIMES

(Established 1888)

Incorporating THE FINANCIAL NEWS

(Established 1884)

Head Office Editorial & Advertisement Offices:
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telephone Day & Night: 01-248 8000. Telegrams: Finantimo, London
Telex: 886341/2, 883897
For Share Index and Business News Summary Ring: 01-246 8026

Birmingham: George House, George Road 021-454 0922
Dublin: 8 Fitzwilliam Sq. 785321
Edinburgh: 18 Hanover St. .. 031-226 4120
Leeds: Permanent House, The Headrow 0532 454969
Manchester: Queens House, Queen St. 061-834 9381
Paris: 36 Rue du Sentier 236.50.59 (editorial) 236.86.01 (business)
Bonn: Pressehaus 11/104 Heussallee 2-10 210039
Frankfurt: Frankfurt am Main, Im Sachsenlager 13 555730 (editorial) 554667 (business)
Brussels: 39 Rue Ducale 129037
Rome: Via della Mercede 55 ..... 678 3314
Stockholm: Kaalambsvägen 7, 105 17 Stockholm. Tel: 50 60 88
New York: 75 Rockefeller Plaza, NY 10019 Editorial—212 541 4625 Business—212 489 8300
Washington: Second Floor, 1325, E. Street, N.W., Washington D.C. 202 347 8676
Jo'burg: 437 Union Centre East corner: Pritchard and Harrison Streets. P.O. Box 2128
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-6 Otemachi, Chiyoda-ku. Tel: 241 2920

TUESDAY, MAY 18, 1976

The boom in exports

THE RENEWED WEAKNESS of sterling on the foreign exchange markets yesterday was partly a result of the strength of the dollar, but partly also a reaction to what were evidently regarded as the disappointing April trade figures published at the end of last week. It is true that the current balance of payments was in surplus to the extent of £104m. in March and back into deficit to the extent of £135m. in April: the apparent shift for the worse is considerable.

But the deterioration was entirely on the import side, and here two special factors have to be taken into account. In the first place, the same random factors which had made the March figure so freakishly good—notably, low imports of diamonds and crude oil—reversed themselves in the following month. In the second place, the weakness of sterling during the month caused an immediate and sharp increase in the cost of imports, the volume of which (at least so far as industrial raw materials and semis are concerned) is now beginning to rise as industrial production begins to recover.

If one takes account of these special factors, the rise in imports between the two months becomes much less striking. In fact, the current account deficit amounted to only £155m. in the months February-April against £265m. in the preceding three months. The balance of payments is improving faster than expected even quite recently, and that because of the performance of exports.

British Leyland

The fall in the exchange rate which has put up the cost of imports has simultaneously improved the competitiveness of U.K. exports, and U.K. exporters have not been slow to take advantage of the opportunity. British Leyland's half-year statement yesterday, which showed that the value of exports had risen by 34 per cent. over the same period of the previous year, is striking but not unmatched. A growing number of smaller firms have begun to experiment successfully in export markets, where profit margins are controlled by competition rather than statute, and the result is apparent in the trade figures, though the advantage of the latest depreciation in the exchange rate will not show up for some time to come.

During the last three months alone, the volume of exports has been 4 per cent. higher than in the previous three months while the volume of imports has been only ½ per cent. higher. Although import prices have risen, moreover, because of higher world prices for some commodities as well as the fall in sterling, export prices have risen slightly faster, so that the increase in the value of exports over the past three months has been no less than 8½ per cent. This very rapid rate of growth, by past U.K. standards, may of course turn out to be a flash in the pan. But for the past few months each set of trade figures has suggested that exports are really rising much faster than expected and that the balance of payments for the year, despite the inevitable rise in the volume and price of imports, will be better than hoped.

A chance to take

An export-led recovery of this sort is precisely what successive governments have sought but failed to achieve for years past. Now that it seems to be under way, it should be given every possible support—which means, in particular, helping to keep industrial costs down and ensuring that export demand is not frustrated either by easier selling conditions in the home market or by shortages of productive capacity. The new incomes policy, to which the Government attaches so much importance, will help to keep costs down while output is rising so long as it sticks—so long, that is, as productivity is rising and the level of unemployment has not begun to fall precipitately. Restraint in pay increases, combined with rising prices, will also help to control the growth of consumer demand. The two other requirements are, first, that the Government should be ready to cut public expenditure further as the private sector's demand for resources rises, and that the Price Code should be amended in such a way as to make new capital investment more attractive. Opportunities of the sort we seem to have at present do not occur so often that the Government can afford the least risk of wasting them.

New links with Mexico

THE INTERNATIONAL position of Mexico, as brought out in the current report of Canning House on Britain's trade prospects in Latin America, is likely to get a good deal stronger in the near future as a result of the country's emergence as an increasingly large exporter of crude oil and of refined petroleum products.

The shot in the arm that oil is giving Mexico is all the more important in that it comes after a long period in which the Mexican trade balance was in heavy deficit. Parallel with this upturn in Mexican fortunes has come a renewed resolve by Mexico to diversify its foreign trade which in the past has been heavily dependent on the U.S. These two developments bode well for Mexican trade with the European Community and with Britain in particular.

Trade

This has been demonstrated in many ways. A few weeks ago the Mexicans mounted an ambitious and successful trade exhibition in Rotterdam, aimed at complementing the efforts of Mexican diplomats in Brussels to enlarge the market for Mexican goods within the Community.

As far as the specifically British interest is concerned, the popular regard in which this country is held in Mexico was amply shown during the Queen's visit to Mexico City last year. This has been followed up by a variety of developments ranging from the large financial and industrial deals such as those being signed in London this week to the less tangible but no less important growth in Britain of knowledge about what Mexico has to offer in fields of trade, culture and tourism. If Anglo-Mexican relations continue to develop with as much promise as they are developing at the moment both countries will stand to gain important new trading partners.

There is, however, an important political dimension to Mexico's relations with the Community and with Britain. Mexico is a society with very great social problems. There is massive poverty, unemployment and illiteracy which daily take a big toll of Mexico's human resources.

These problems call for urgent action to reshape society so as to make it more equitable and efficient and halt the waste of resources that it implies. During his term of office which finishes this year President Luis Echeverria Alvarez has recognised the urgency of the internal problem but has chosen to concentrate most of his attention on foreign policy. In doing so he has achieved a number of diplomatic advantages for his country and the rest of the Third World, the most notable being the adoption by the UN of his Charter of Economic Rights and Duties.

Reaction

It will be up to his successor, Sr. José López Portillo, to turn his attention to the domestic scene. The prospect of social change in Mexico, much needed though it is, seems recently to have sent tremors of concern through conservative circles in Washington and produced a reaction out of proportion to the factors involved.

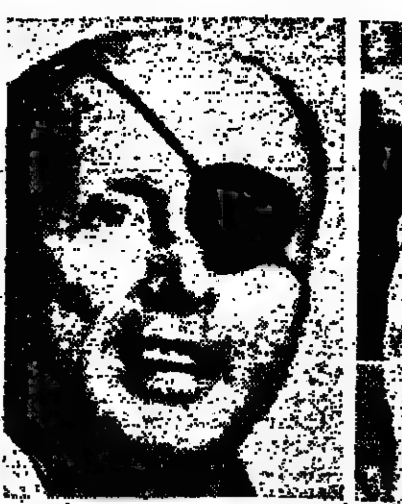
The member countries of the European Economic Community have generally taken a more liberal view about social problems in Latin America and the Caribbean than that taken in Washington. It could be that in many fields Mexico will find more understanding of its problems in the Community than in the U.S.

THE OLD GUARD AND THE NEW IN ISRAEL

Mr. Yitzhak Rabin, Prime Minister

Mrs. Golda Meir, former Prime Minister

Mr. Shimon Peres, Defence Minister



Mr. Moshe Dyan, former Defence Minister

Mr. Yigal Allon, Foreign Minister

Mr. Abba Eban, former Foreign Minister

Soul searching in Israel

BY ROBERT GRAHAM in Tel Aviv

RARELY if ever in Israel's 28 years existence have its political leaders enjoyed so little popularity and such low credibility. One barely can hear a kind word about the Government. The politicians themselves have some pretty barbed things to say about each other.

The Government itself is weak, drifting without clearly defined or agreed policies on such key issues as settlement by Israelis in the occupied Arab territories. Long simmering differences of policy and personality are being dragged in to the open, and the thin guise of unity binding Mr. Yitzhak Rabin's coalition is rapidly disappearing. Inevitably this atmosphere feeds speculation about a collapse of the Government.

When Mr. Rabin took over the premiership two years ago, he was welcomed as the symbol of a new era in which younger men would assume the mantle of the Founding Fathers. He was also seen as someone untainted by any of the criticism levelled at the leadership for the failures of the October 1973 War. This image has faded. Mr. Rabin is criticised from all sides—not always fairly.

His critics take him to task for his blunt military manner, his poor public image, his insensitivity to public feeling, and his failure to exert authority. An influential Israeli who had been offered a post in the Government remarked sarcastically to me: "Mushrooms grow under big trees. Now the trees have been cut down and we are left with the mushrooms."

Mr. Rabin's lack of authority has been highlighted by his handling of the explosive issue of Jewish settlement in Samaria, in the heart of the populated area of the occupied West Bank. For six months the Cabinet has been unable to formulate a firm policy towards the unauthorised settlement of Kaddum by the Right-wing extremist movement, Gush Emunim. The decision on May 9 that the settlement at Kaddum be moved to another unspecified site merely ducked the issue.

Mr. Rabin himself has condemned Gush Emunim's attempts to establish permanent settlements in heavily populated Arab areas. But he has been unwilling to risk a confrontation with his Right-wing coalition partners in the National Religious Party, who threatened to withdraw from the Government over the issue.

The matter has also brought to the fore differences between Mr. Rabin and his Defence Minister, Mr. Shimon Peres. It was Mr. Peres who made available a military site to Gush Emunim at Kaddum, and he has not concealed his support for the settlers. The feud has also been fuelled by Mr. Peres being blamed for the failure of Israeli intelligence to predict the overwhelmingly nationalist and pro-PLO vote in the West Bank municipal elections of last month.

These differences are encouraged by the existing system of leadership which consists of a loose troika of Mr. Rabin, Mr. Peres, and Mr. Yigal Allon, the Foreign Minister. Mr. Yitzhak Navon, chairman of the Foreign Affairs Committee of the Senate, has noted that all three are active in the same fields of security and foreign affairs. "The situation invites intense personal competition between them," he commented. "All the more so when one recalls that they come from, and represent, the three major factions which comprise the labour party—Mapai, Rafi, and Ahdut Ha' Avoda." The squabbling has contributed greatly to a growing disillusion among Israelis with the existing political system and with their current politicians.

At the all important psychological level morale has also been affected by what one newspaper called a "disappointment with ourselves"—the unearthing of a series of corruption scandals; the class and social divisions in society; the decline in immigration, and the increase in the number of those leaving the country; the realisation that Arabs in Israel are not "tame" and the manifest failure of the occupation of the West Bank to produce after nine years a "third force" of Palestinians willing to treat with Israel.

Against this background, the determined policy of the Gush Emunim movement to settle Samaria and ensure that it becomes an integral part of Israel has created the danger of serious polarisation.

The Gush Emunim settlers, without doubt, have the emotional support of most Israelis and certainly the political support of perhaps half the Knesset. Prominent doves like Mr. Dov Zakin, a Mapam member who is on the Knesset Defence Committee, believe that events in Lebanon have "deepened the emotional fear of the vast majority."

"People are afraid that trying to make peace with the Arabs is just not worthwhile and feel that it is better to stick with what they have got," he says. There is also a sense of fatalism about negotiations with the Arabs. "They will not accept Israel—and who knows what will happen to the State, so why not settle wherever we can," is a sentiment not infrequently heard.

There are those who believe that there still is time to prevent any real polarisation. Mr. Zakin said for instance: "Even to-day if the Prime Minister stood up and made a realistic analysis pointing out the dangers of intransigence or of our $4bn. deficit — I am sure he could get the support of 80 per cent. of the country." However, Mr. Rabin has little scope within which to act. He is hampered by the presence of three major figures of the Labour Party outside the Government—Mr. Moshe Dayan, the former Defence Minister, Mr. Abba Eban, the former Foreign Minister, and Mrs. Golda Meir, the former Prime Minister. His attempts to reduce tension in the party were incidentally seen as another sign of weakness.

Mr. Rabin is further hampered by having to run a coalition whose survival depends upon the support of the 10 members of the National Religious Party in the Knesset. The coalition has an extraordinary range of views on any subject, and a consensus is difficult to achieve and requires time. The resistance to movement inherent in coalition Government, which is almost inevitable under an existing system of parliamentary representation that safeguards minority groups, has led to calls for a change.

Six leading figures, both inside and outside politics, were interviewed recently by the Jerusalem Post and all agreed that the system had stopped functioning.

There is some talk of a presidential style system with a Prime Minister elected directly by the people. Mr. Meir Amit, the respected head of Koor Industries, believes this is the way to strengthen the Prime Minister's authority.

But such solutions are not for the short term. This means that Mr. Rabin's Government will either stagger along until elections scheduled for 1977 or until internal dissensions force its collapse. No one person has emerged as a convincing challenger to Mr. Rabin: indeed it is a measure of the general disillusionment with the traditional politicans that some people are looking outside the Knesset for candidates. On the oher hand, despite the public squabbling, no one yet seems willing to bring down the Government. A desire to avoid a crisis was evident over Kaddum. Thus one is tempted to conclude that the Government will survive through to the elections.

Whatever happens, there are two main dangers in the present situation. Firstly, the effect of the Government's internal dissensions on necessary economic measures. Already there are advocates of putting the economy on an emergency footing to cope with rising public expenditure and the monthly devaluations of the currency.

In a year the currency has been devalued by almost 30 per cent. Many hotels now add a 28 per cent. surcharge to bills paid in Israeli pounds; and there is a flourishing black market for dollars.

Annual servicing of the huge public debt now costs over $1.3bn. The payments deficit is around $4bn. The extent of Israel's economic dependence upon the U.S. is emphasised by the current negotiations in Washington to obtain $4.5bn over the next two financial years. Economists believe that the first step must be a savage cut on public spending by $500m.—but only a strong Government can do this.

Secondly there is the political danger that the drift to the right and support for Gush Emunim will force the Government to take irreversible decisions on settlement (or decisions which would appear provocative to the Arabs in the occupied territories and the frontline States), and produce a harder line attitude towards a Middle East peace settlement.

Gush Emunim's demand to settle Samaria is not going to subside easily. Mr. Yehuda Ben Meir, a spokesman for the NRP which gives full support to Gush Emunim, told me quite simply "We shall increase Jewish settlements throughout the land of Israel."

The NRP brushes aside American opposition to such policy. "The U.S. has already objected in public—but that has not prevented us from building," Mr Ben Meir said. Since 1967, 6[illegible] authorised settlements have been established in occupied Arab territory.

This drift towards a tougher line in a Middle East peace negotiations as a whole could be encouraged by Israel's increased military strength. The Israel's military confidence, badly shaken in the October War, has recovered. The Sinai agreement has enabled Israel to acquire large quantities of extremely sophisticated equipment from the U.S., while its own fighter, the Kfir, is now in active service. Analysts believe that Israel again has the military edge of its Arab opponents.

But a blinkered view of a tough Israel able to hold out from a hardline stance is rejected by the more thoughtful Israelis. Mr. Rabin himself has warned the public to expect an erosion of U.S. support next year. In private many leading Israelis are apprehensive about the widening gap between Washington's perception of Israel's interests and Israel's own perception of these interests. But if the drift continues, these apprehensions will not be brought home to the public.

THE EIGHTH KNESSET

elected December, 1973

PARTY	% VOTES	SEATS
Labour-Mapam Alignment*	39.7	51
Arab Lists affiliated to Labour*	2.4	3
Liked	30.2	39
Indepedent Liberals*	3.6	4
National Religious Party (Mafdal)*	8.3	10
Religious Torah Front	3.8	5
New Communist List (Rakah)	3.4	4
Civil Rights Movement	2.2	3
Moked	1.4	1
Others (total)	5.0	—

* Members of ruling coalition

MEN AND MATTERS

Chinese City deals

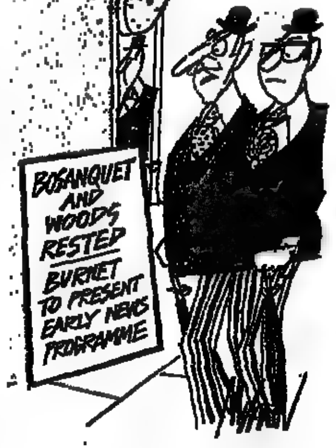
The Bank of China has completed the property deals made necessary by its expansion in the City of London and sold its old premises, London Stone House, for £2.6m. The growth of China's trade with the outside world had, as I have noted before, raised its London staff to around 150 and the larger premises the bank found were stockbrokers J. and A. Scrimgeour's old headquarters by the Mansion House.

The stockbrokers and the Communists did business with no trouble, but what Scrimgeour was selling was a sub-lease, and the landlord, Property Holding and Investment Trust, felt less happy about its new tenants. As State bankers they might, Property Holding felt, plead some sort of immunity if legal proceedings ever arose. So Scrimgeour and the landlords had a squabble about the stockbrokers' right to assign the lease, and Scrimgeour ended paying Property Holding £200,000.

Never mind, it still left Scrimgeour with over £800,000 from what the Chinese paid for the lease, and the bank then set about selling its old freehold premises. Its instructions to its agent, Jeffrey Young & Company, were to go for a simple sale. It did not want to get involved in letting, and treating London Stone House as an investment, or even letting it first and then selling to an institution. That, perhaps, would have smacked too much of property speculation.

By an odd coincidence, the buyers of the building (and a bit of London history, since inset in the front of it is the London Stone from which the Romans are meant to have calculated all distances from the capital) are also Far Easterners, the Oversea Chinese Banking Corporation. The two, though on opposite sides of the ideological frontier, know each other well. Oversea Chinese, apart from its branches in its base of Singapore, in Malaysia and elsewhere, has also kept on two of its branches in mainland China established before the Revolution.

The Bank of China has not, at £2.6m., received as much for the building as it might have hoped: the asking price was more than £3m.



"At one time they were content just to report the news!"

Scanlon coining

Hugh Scanlon, you may recall, was at the centre of a considerable rumpus last year over the business of elections to his Amalgamated Union of Engineering Workers. The fracas resulted in a High Court decision that president Scanlon should have no casting vote in the union's national committee.

Yesterday the national committee, meeting at Scarborough, had to elect five delegates to the standing orders committee which handles AUEW conference arrangements. Four were chosen without any problem, but there was a dead heat (26 votes apiece) for the fifth position between leading Left winger Jimmy Reid and the equally prominent moderate John Weakley.

Ironically enough, it was Weakley who instigated last year's High Court action. So when the 26-26 result was announced, cricketing enthusiast Scanlon decided the issue on the toss of a coin. Make what you like on the powers of chance: Weakley lost.

Finally there

More than a year after it was first established, the Arab British Chamber of Commerce has finally decided on a drive to recruit its first members. A party led by the secretary general, Abdul-Karim Mudaris, is now visiting all seven rulers in the United Arab Emirates, and will also call on senior ministers and business houses in this Gulf federation. With Mudaris are two leading City bankers specialising in the Middle East, David Douglas-Home of Morgan Grenfell and Frederick Leishman of Hill Samuel.

The ABCC was set up on the initiative of the Arab League and the Arab ambassadors to Britain to co-ordinate and simplify trade between Britain and the Arab countries. A moving force in getting it off the ground was Mohammed Mahdi Tajir, the immensely rich ambassador in London of the UAE, who is also a senior adviser to Sheikh Rashid of Dubai. The ABCC claims that the opening of its doors to the public has been delayed because it wanted to build up staff to offer a full scale service from the first moment that people join.

With the obvious exception of oil the bulk of Middle East trade with Britain consists of British exports, and so the ABCC is likely to be of most benefit to British companies. But it believes that the goodwill of Arab rulers and governments is essential before it can offer a good service to British exporters, and only after Arab members have been enrolled will the recruiting drive in Britain begin.

The Arab membership will embrace both state trading corporations (in those countries such as Iraq where the economy is under close state control) and private trading companies. It is planned that in each country the ABCC will establish links with the local chambers of commerce so as to establish a network of contacts throughout the Arab world.

At its headquarters in Berkeley Square the ABCC has assembled a staff of 35, including many Arabic speakers and experts on trade with individual Arab countries. When it is fully in operation, which it hopes to be later this year, the ABCC plans to specialise in giving information to British companies which want to establish markets in the Middle East, and to issue certificates of origin for goods produced in Britain and destined for the Middle East. At last.

Tripped

Earlier in the month I noted the inappropriate fate of receivership which had overtaken an Australian group called Future Development Corporation. Now, here at home, a liquidator has been appointed for the voluntary winding-up of a company named Watch Your Step Ltd.

Observer

هكذا في الأصل

FINANCIAL TIMES SURVEY

Tuesday, May 18, 1976

International Property

Property markets worldwide have now felt the worst effects of the recent recession. In many countries it is banking practices which have been most affected by the drop in values. Already, in the healthier economies letting demand is recovering and investment interest has started to return.

Investors' spirits begin to revive

AS AN investment, property can only show the return which demand supplies. No one argues that demand follows a cyclical pattern and the present problems of worldwide property markets are, with the wisdom of hindsight, very largely based on capital values established on a peak of the demand cycle. That cycle is now, in almost all developed countries, thought to be pulling out of the recession trough. The evidence that investors are still extremely cautious about new developments in real estate is only evidence of the severity of the last crash.

The fundamentals of property investment, largely based on office demand, show little signs of changing. Most economies are still, despite the upheavals of the past three years, headed toward both a greater proportion of clerical workers in the population and an insistence by a less labour-intensive manufacturing and distributive industry that it is accommodated in modern premises.

But the debris must first be collected. This is both a matter of badly located (and often also badly designed) developments being ruled out of the investment equation, and also the acceptance that even on some of the soundest-based judgments of 1973 there is still some way to go before a profit in money terms, yet alone real ones, can be shown.

In France, where although some recent Paris office lettings have shown a marked revival in the market, the position is well put in the prim language of the Delegation a l'Aménagement du Territoire, biased in the sense that it is the Government agency for regional development but nevertheless hard to fault on its logic: "Over the past few years, substantial investment has been made in the French office property sector by holders of foreign capital, particularly British nationals. Although investment in office developments has been very spectacular in Paris, it has also affected certain provincial towns. The flow of capital to this sector has been accelerated by large-scale demand due to excessive, continuous concentration of activities in the service sector in the capital of France.

"To alleviate the imbalance between Paris and the French provinces that has been engendered by this process, the authorities have adopted a set of measures aimed at controlling and slowing down office building and placing a brake upon the growth of the service sector in the Paris region.

Available

"The effects of this policy, combined with oversupply and the availability of unsuitable property resulting from the euphoria prevailing during the previous boom years, have led to the existence of a great deal of available office space in the capital, which is being disposed of only slowly."

Slowly is a fairly polite word to use of some office developments, particularly in East Paris, where the failure of Amalgamated Investment and Property Company, the first major British quoted company to go into liquidation emphasised the extent of British involvement in the creation of the early 1970s boom in Continental Europe.

Although Amalgamated was a substantial developer and investor at home, it was almost automatically assumed, when its shares were suspended, that its immediate difficulties must stem from its £20m.-plus development of 40,000 square metres at Porte de la Villette, Paris. It was also assumed, and this perhaps betrays the panic symptoms which are still around in property circles, that the lead banker supporting that development, Credit Lyonnais, must have been the one who pulled the rug from under Amalgamated.

In practice, the Credit Lyonnais, as deeply involved in property lending as the National Westminster was in Britain, was an unlikely candidate to betray sudden impatience with a large property group. It was, until very close to the time that Amalgamated's Board decided that its assets no longer matched its liabilities, still hoping for an orderly solution of the Pariferic Bureaux problem.

Major banks cannot, however, be expected to take a philosophic view of what are, after all, largely their own mistakes, for much longer. The ideal synopsis is, perhaps, that they allow any development company with a reasonable chance of extricating itself from difficulties at least another two years to let and sell their problem buildings. But there is already evidence in the United States that, apart from bank involvements with real estate investment trusts, a tougher line is being taken.

Far from waiting for the market to pick up, Citibank simply withdrew its $52m. leasehold construction loan it had on the 1166 Avenue of the Americas building, turning the development back to the mortgage holders. There are, in Britain, some similar signs that U.S. banks, once the central banking authorities allow them to, will go in to claim whatever security they have on developments promoted by individuals and companies who are, in many cases, already bankrupt but subject to defensive moratoria or schemes of arrangement.

What appears as the logical solution to a reluctance of banks to fund future developments in the private sector is a slightly more adventurous support attitude from institutions. In this field the British, whose knowledge of commercial property is still respected in most countries despite the obvious errors of many of her developers, could well lead the way.

Partly this is a matter of the actuarial base system of her pension funds, against the pay-in and pay-out method used in many countries, and partly it is a product of the more developed sense of an investment market and of property as a savings medium than is true elsewhere.

The movement of British funds to invest abroad was, apart from the downturn in markets, arrested by the ending of the £1m.-per-project-per-year allowance free of premium payments. In the intervening period back-to-back loans have seldom made sense, and apart from this difficulty in investing initial capital at sensible rates, there is a continuing reluctance on the part of gross funds to pay tax on rental income that they would not do at home.

The case for exemption is being chased through the back roads of the EEC Commission by several funds and eventually they will probably get their way. When this happens, and it may well be before the end of the decade, then whatever Britain's enforced exchange control restrictions, there must be a hugely increased incentive for pension funds to invest abroad, granted the fact that they are already running out of suitable properties to buy at home. Insurance companies, with a flow of premium income already generated abroad, have already shown that interest in Continental investment in property is more than a boom phenomenon and, as detailed below, pension funds who can get money to the U.S. on reasonable terms are convinced of the logic of putting small proportions of their funds into the major capitalist economy.

Opportunities for development or investment companies are naturally harder to see now than the sort of long-term investments in which institutions are interested. They do, however, exist, as several articles in this survey indicate. It is possible that the particular expertise of British developers is, in one sense, suited most to the least-developed markets. For instance in Brazil, with the proviso that there is no long-term institutional takeout to rely on, there is the attraction of a possible three-tier market in the course of one development and returns to the initiators as high as 40 per cent.

Such markets can, on the evidence of the past, only last a short time. The knowledge, backed by the wisdom of disasters which the British have now gained, may mean that developing-trading companies can flourish in such countries. In other developed economies, the future of property as an investment medium will almost certainly reassert itself as other inflation hedges lose their appeal to fund managers. But, in the absence of the banks as major property development lenders, those fund managers are likely, on a world scale, to follow the British pattern of being the major source of new investment in real estate.

Quentin Guirdham

Stainless steel office block in Pittsburgh: there are opportunities in the sector for foreign investors, with local help.

Europeans tread cautiously in U.S.

THE UNSEEMLY invasion of of Europe in the early 1970s by British property developers was made on the backs of those enterprising estate agents who opened offices in Brussels, Amsterdam, Paris and later in Frankfurt. But for the familiar faces of negotiators from Jones Lang Wootton, Richard Ellis, Hamptons and a handful of others, who met the early morning flights from London and whisked developers off on a tour of the available sites, it is doubtful whether many of them would have had the courage to cross the language barriers.

Probably because the European capitals offered such rich rewards and because the property markets there were comparatively unsophisticated, U.K. agents did not bother to move into the complex property markets of the U.S. It is very doubtful if any U.K. estate agencies can match the marketing skills of the U.S. property consultants and few have bothered to try.

With one exception—Jones Lang Wootton which has established an office in New York—U.K. estate agents have preferred to advise from their home base on real estate investment in the U.S. For this reason most British investors have appointed local consultants to advise on real estate purchases in North America.

The Post Office Pension Fund appointed the Heitman Group, of Chicago, to find and manage investments on its behalf in the U.S., where it plans to invest some £50m. over the next few years in real estate. Electricity Supply Nominees, which has formed a special company, Eastern Realty Investment Corporation (ERIC) to invest in U.S. property, has appointed the New York-based consultancy, Landauer Associates, as its adviser for its initial investments which are believed to have cost around £5.5m.

In both cases these U.K. pension funds had cash available in the U.S., the Post Office Fund through services provided by the P.D. and in the case of ESN from funds loaned to an American industrial company to set up in the U.K. Clearly no fund can afford to pay the dollar premium on its investments in the U.S.

Legislation

From the point of view of British developers, new and far reaching legislation affecting investment by U.S. pension funds will allow funds to invest in real estate on a far higher level than previously.

Although pension funds in the U.S. have only some 5 per cent. of their total funds invested in property, and most of that in the form of mortgages, it is expected that, under the new legislation, investment in real estate will rise substantially.

This sudden interest by the funds in property investment means that there will be a shortage of prime investment property, and many U.K. developers are looking at ways of stimulating a steady supply. But as most U.S. cities and towns are suffering from an over-supply of offices, the developers are choosing their sites very carefully. They are anxious not to make the same mistakes as they made in Europe.

There is a marked difference between the type of investments bought by U.K. pension funds and U.S. funds. This has already been noted in the case of ERIC and the Post Office Fund purchases, both of which were bought on an unmortgaged basis.

In the U.S. it is the practice for investments to be bought with the benefit of mortgages, which are often assignable. In its recent report on the U.S. property market, Jones Lang Wootton point out that during the 1950s and 1960s, long term mortgages of 20 to 30 years were granted for 75 per cent. to 80 per cent. of the gross asset value on new developments.

These mortgages carried interest rates of between 5 and 8 per cent. and were self-liquidating over the term. Investments carrying the benefit of such favourable and often assignable mortgages clearly illustrate the potential advantages of such gearing.

For example, an office building in the U.S. might be offered for sale at $1m. showing an income of $100,000 after all expenses. With no financing on the property, the yield is 10 per cent. The same property could be offered realistically for the same overall price of $1m. but subject to an existing assignable mortgage of $700,000, fully amortizing over 30 years and bearing 8 per cent. interest. The constant annual payment required to satisfy the terms of the mortgage is $61,600. The $100,000 income clear of all expenses is therefore reduced to $38,400, but, at the same time, the cash investment is reduced to $300,000. The resulting "cash on cash" yield is 12.8 per cent.

JLW point out that this 2.8 per cent. increase in yield can be further improved by second financing. It is quite common in U.S. transactions for the vendor to take back a "junior" mortgage which is subordinate to the first mortgage in priority of lien. This type of transaction is called a Purchase Money Mortgage. On the example given above, the mortgage might be for $200,000. At 10 per cent. annual interest and amortisation payments on this and the first mortgage would be $82,700, thus reducing the net income to $17,300 on cash invested of $100,000, or a yield of 17.3 per cent.

Clearly there are risks in this type of gearing if income drops or interest rates rise. For this reason U.S. funds prefer buildings with multi-tenancy lettings, unlike the situation in the U.K. where a single tenant of undoubted covenant has been the prime criterion in property investment.

Another attraction for U.K. property companies wishing to develop in the U.S. is that funds similar to our property unit trusts are emerging. Pension funds are treading very cautiously in direct investment in real estate and these new funds offer distinct advantages.

Involvement

The lack of equity involvement by the U.S. insurance companies, which are the largest suppliers of capital to the property market, has been partly due to legal restrictions on the amount of their direct investment in property, but also because they considered there was little rental income growth historically available from property. They have therefore preferred secure fixed interest returns from mortgages.

Recently higher rates of inflation have made these fixed interest mortgage situati[...] relatively less attractive to in[...] ance companies and althoug[...] still remains unusual for in[...] ance companies' direct and direct investments thro[...] property to exceed 5 per cent their total portfolio, this expected to rise substanti[...] soon.

The Economist Intellig[...] Unit's survey on U.S. real es[...] commissioned by agents Herr[...] Daw, found that insurance c[...] panies have already begun set up separate subsidiary [...] porations for the purpose taking equity rather than m[...] gage interests.

Similarly, some insura[...] companies have formed j[...] venture corporations w[...] builders or developers. J[...] Hancock's subsidiary compa[...] owns some $250m. of prope[...] and Connecticut General ow[...] $130m. in a subsidiary a[...] $200m. in the parent compan[...]

The Prudential of Ameri[...] has set up what it calls Property Investment Sepa[...] Account. This invests property ownership on be[...] of a collection of pension fu[...] Prudential's example already been followed by Metropolitan and Equit[...] Life Insurance companies by several banks, notably F[...] National Bank of Chicago.

The emergence of t[...] property unit trusts will ad[...] considerable new force to U.S. property investm[...] market and any develo[...] specially promoting sche[...] for onward sale to these fu[...] appears to have an assu[...] future.

But of course location going to be all import[...] Unlike the situation in the [...] there is no one investm[...] market. Real estate investm[...] in the U.S. tends to be [...] localised and any Bri[...] development company ente[...] the market should pay part[...] lar attention to location.

There are more than 30 c[...] in the U.S. with populat[...] exceeding 1m. Three of t[...] —New York, Greater [...] Angeles and Chicago — [...] populations similar to, greater than, that of Lon[...] and nine cities have la[...] populations than the West [...] lands or Greater Mancheste[...]

Clearly New York is ou[...] the question as a location British investment. It currently some 30m. sq[...] feet of empty offices and an annual take up curre[...] running at around 3m. sq[...] feet there is going to be over-supply for many year[...] come.

The only major growth [...] appears to be the South and South West region of U.S., centred on four wi[...] scattered cities, Dallas, Hous[...] Miami and Atlanta. These benefit from movement ou[...] the older cities in the re[...] There appears to be real gr[...] prospects in two sm[...] locations, Denver and Phoe[...]

JLW point out that British group wishing to e[...] the U.S. property markets [...] seek advice not only from experienced property con[...] ant but also from a la[...] experienced in both [...] national and U.S. law. W[...] the conditions in the [...] market make it unlikely many British firms will [...] the U.S. real estate field in spectacular way, there clearly opportunities in must be the only relatively market left.

Rory Fergu[...]

Canada debates housing plans

ALTHOUGH CANADA has its share of companies concerned only in commercial property, many of its major groups include a heavy involvement in the residential sector and it is here that a fierce debate is in progress about future national policy. Although Canadians are better housed that ever before they never were more dissatisfied than they are at present. In spite of the fact that Canada ranks as the best or equal to the best housed nation in the world, its people expect better. Moreover the number of those who have incomes too small to afford to buy or rent housing on the open market remains substantial.

This is because standards of planning, architecture, environment, construction and servicing are so high that buildings are not able to provide modest accommodation for those Canadians who can afford no better. But there is not in fact a housing crisis, rather a poverty problem.

In the short-term the level of housing starts will be largely dependent upon the success of programmes recently introduced by the federal government under the Assisted Home Ownership Programme (AHOP) and the Assisted Rental Programme (ARP). Loans can be made to eligible applicants that are repayable over a period of years.

Under AHOP, buyers of houses within certain price ranges receive a subsidy in the first year to bring their mortgage payments down. In each of the next four years the subsidy is gradually reduced and at the end of the five-year period, repayment of the subsidy begins. The repayment schedule is also graduated. Under ARP, assistance follows the same pattern but it is spread over a 10 to 15 year period, with repayment starting after that time. In an an effort to encourage municipalities to accept moderately priced, medium density development, the federal government also is offering grants of $1,000 per unit to municipalities which approve this type of housing.

Reluctance

Although the programme has been cited as being too small a grant to offset municipal reluctance, it could have an appreciable effect. One area which is still uncertain, but which could dramatically influence housing across the country this year is the anti-inflation board's (AIB) stance on land and lot pricing. But it seems likely at this point that the board will opt for some form of market-value pricing of lots that would generally be accepted by developers.

In fact, the government incentives appear to be having a fairly quick effect on housing starts, which in March reached a seasonally adjusted annual rate of 251,900, which compares with the 230,000 units actually built in 1975.

But the AIB regulations and reluctance of most municipalities to cater to developers seeking to build modest priced units are not the only problems facing property developers in Canada.

Because a number of the larger property developers are foreign controlled, they have run into problems with the Foreign Investment Review Agency (FIRA). Under FIRA's regulations, new investments in Canada must be shown to be of "significant benefit" to Canada, although the agency has never spelled out its definition of significant benefit.

In Ontario, the provincial government imposes a 20 per cent. transfer tax on sales of land to foreigners and the provinces of Prince Edward Island and Saskatchewan have enacted legislation to control foreign land ownership.

As a result of the FIRA and the provincial land ownership regulations, two of Canada's largest developers have moved or are moving to Canadianise their operations.

Control of Trizec Corporation, which had been held by English Property Corporation, has been sold to a new Canadian holding company controlled by Edward and Peter Bronfman of Montreal. The Bronfman brothers operate through Edper Investments, an investment company owned by trusts established for them and their families by their father, a brother of Samuel Bronfman, founder of the Seagram company, the largest distillery in the world. A subsidiary of Edper Investments, Carena-Bancorp Incorporated, holds a fraction over 50 per cent. of the new company that has purchased control of Trizec, with English Property holding a fraction less than 50 per cent. of the voting shares of the new company.

The other Canadianisation move involves Abbey Glen Property Company. Discussions are being held between Capital and Counties, and Cadillac Fairview Corporation of Toronto over a possible acquisition by Cadillac of Capital and Counties' controlling interest in Abbey Glen. If the deal comes about, Cadillac Fairview, already the largest property company in Canada, would increase its real estate holdings in North America from about $900m. to $1.5bn. An interesting sidelight to the Abbey Glen proposal is that Cemp Investments, a holding company for the children of Samuel Bronfman, is the largest shareholder in Cadillac Fairview.

Abbey Glen is in the midst of sorting out a number of problems. It has a large inventory of undeveloped land, some of it financed with short-term borrowings. But this has not stopped another Canadian group, the conglomerate Genstar also expressing interest in Abbey Glen. Both are now studying the company and are due to announce decisions on whether or not they will bid for the Capital and Counties interest early next month. While considered as Canadian under FIRA, Genstar in fact has fairly strong foreign ties, the Societe Generale de Belgique still holding a reported 21 per cent. stake. However Genstar says it has advised the authorities of its intentions and was told to go ahead.

Living with the restrictive legislation governing land transfer taxes, laws about foreign control, and the reluctance of some municipalities to authorise housing development projects are not the only problems being experienced by Canadian developers. In Canada's larger urban centres, newly constructed office space stands empty as a result of the business slowdown that hit the country in the past year or so. Business now is picking up, but at a slow rate and few new office projects are on the planning tables. In addition, shopping plaza developments, which for years were one of the more lucrative real estate ventures, are currently in a period of pause. Most of the major urban centres have been fully exploited in recent years and developments are going ahead in the small urban centres that may prove less profitable. The major exception is the Toronto Eaton Centre scheme, the largest, and one of the most dramatic retail projects in the world.

Building for private industrial uses has also slowed. Developers are finding that business expansion is being undertaken at a much slower rate than a year or so ago and many urban centres have a large oversupply of industrial warehousing. As a result, many of the major property companies are seeking projects in the U.S., which appears to be showing a better rate of recovery from the recession, and where better opportunities are believed to be available.

James Scott

Australia starts on recovery road

OPTIMISM IS gradually returning to the Australian property market but there is still a long, slow haul ahead before it can be said to have recovered from the boom and bust days of the early 1970s.

Faint signs of a recovery in the Australian economy from the worst recession in post-war history is behind the rising hopes. The most encouraging development for property groups is the steady decline in interest rates since the end of 1975 and the re-emergence of the institutions in the market-place as buyers. Actually the institutions never completely stopped buying but their rate of purchase slowed dramatically during the past two years and, with a glut of prospective investments, particularly in city office space, they became extremely selective.

While the outlook is improving, the property market is still in a deep trough. The most depressed area is commercial city office buildings, but the rural, retail, industrial and resort land markets are also poor. The private residential market is the most buoyant sector.

Shortly after a Liberal National-Country Party coalition was elected to Government after three years of Labor rule, there was a marked rise of confidence among real estate operators. A survey carried out at the time showed that 81 per cent. of real estate operators expected their business to improve in 1976 against only 38 per cent. six months earlier and 41 per cent. one year earlier. Only 3 per cent. expected their business to worsen. While this euphoria has quietened down there is still a much higher degree of activity and higher prices for residences than 12 months ago.

The industrial sector stands to gain most quickly from any economic recovery as manufacturers expand. Interest is reportedly picking up strongly but has yet to be translated into a strong increase in sales. It will of course start from a low base as investment in industrial property has been near a standstill for the past two years.

The retail market has not performed so badly despite falling consumer patterns. However, many large retailers have slowed down or deferred expansion programmes, awaiting a definite upturn in consumer spending and economic activity.

Rural values are also generally poor, largely because of the collapse of the export beef market and relatively low demand for wool. The problem was highlighted late last year by one of Australia's largest pastoral groups, Marra Developments, which reported massive write-downs of its properties less than two years after they were written up. Marra had its properties on the market for months at depressed prices but found it hard to attract buyers. However, the rural market appears to be picking up with prices starting to firm.

Depressed

The commercial city property market is still easily the most depressed area. There is still a huge glut of available office space overhanging the market, much of it for sale by mortgagees who have taken possession as property developers fell by the wayside over the past two years.

Sydney has about four years' supply of office space "on the shelf," Melbourne and Perth three years, Brisbane two years and Adelaide only three months. The national capital, Canberra, is the only capital city where there is actually a shortage of office space.

Faced with the overhang of office space, rents for prime space in the central business districts (CBDs) have been adversely affected. Prime commercial rent in Sydney's CBD is around $A8 to $A9 a square foot against a peak of $A12 a sq. ft. in 1970. Properties being sold are mainly yielding between 8 per cent. and 10 per cent., and in some cases as low as 7 per cent.

The commercial property industry is only functioning at around 80 per cent. of capacity, and this is because the public sector accounts for about 75 per cent. of the total contracts let each month. Starts by the private sector are virtually non-existent. In fact this situation is likely to worsen considerably in the next few months because of a stringent cost-cutting campaign instituted by the LNCP Government after it took office, aimed at reducing the huge $A4,500 budget deficit incurred under Labor's social welfare experiment.

The Government scrapped plans by its predecessor to guarantee private developers that it would take a certain proportion of space in new buildings on the outskirts of Sydney and Melbourne, and at two planned country growth centres, Albury-Wodonga and Bathurst-Orange. It also placed a freeze on Government leasing plans for CBD space, because in the past 18 months the Government had accounted for about 80 per cent. of leasing in Brisbane, 50-60 per cent. in Sydney and 80 per cent. in Melbourne.

The plan was for private developers to undertake the constructions and raise their own finance. The Government would have the option to buy back some of the buildings at the end of the lease period.

On top of these measures Canberra has also postponed more than $A130m. of expenditure on about 250 projects by the Australian Department of Constructions. Projects planned by the Postal and Telecommunications Commissions and other Government bodies have also been deferred.

Leaders within both the property industry and the building and construction industry are alarmed. They claim that it will lead to the near-collapse of the building industry in a few months' time when the majority of the existing work will be completed. While there is room for some slimming down from the over-growth which took place in the boom times, if there is too drastic a slump the fear is that there will be insufficient capacity to meet demand when it picks up again. This could lead to an unhealthy surge in building costs.

The slowdown is evident in the statistics coming to hand. Only 64 contracts, worth more than $A500,000 each, were let in March with a total value of $A76.9m. This compares with 69 contracts valued at $A78.5m. in February and 80 worth $A83.8m. in January. Representations to Canberra for aid have been rejected.

In the commercial property sector there is very little work in the pipeline. In Sydney there are only two large office projects scheduled for completion in 1978 and two more in 1979. Many observers expect there will be a shortage developing by 1979-80, and even sooner if the economy recovers more strongly than expected.

Because of the acceleration in costs this would inevitably mean a sharp jump in rents. The very boom which created the over-supply also caused strong inflation in building costs which has raised the replacement value of existing office blocks. If the building industry itself is squeezed, as seems on the cards, it will further increase pressure for costs to rise. Higher rents and building costs could come suddenly. At present the overhang of space is stopping new building so that the impact of rising costs is not yet fully appreciated.

Values

However, the probability of a shortage developing with concomitant rising values for owners of existing buildings is not lost on the institutions. Hence the increasing interest in property.

It is estimated that the capital costs of an office project could be about $A167 a square foot in 1980 compared with $A67 in 1971. Moreover, outgoings (cleaning, servicing, etc.) will rise from $A2.25 a square foot to about $A5.63. To provide an 8 per cent. return, the gross average annual rent would need to be $A19.75 a square foot: for a 10 per cent. return it would have to be more than $A23 a square foot. The increase in costs has already been such that rents between $A14 and $A16.50 a square foot would be needed by 1977 to justify starting new office building projects.

Not all property observers are convinced that the market will accept such rental increases. They suggest that high rentals achieved during the mining boom in the early 70s for a small proportion of the available space distorted planning. These high rentals were used to project likely rates for the market and tenants might resist moving into new buildings seeking such high rentals.

The question of which theory is correct is of considerable importance to the large property developers caught with unutilised office space on their hands. Many of them are large British groups which expanded rapidly during the boom heyday.

Chief among these is the Abbey Capital group which has more than $A200m. invested in Australian property, mainly city projects. Abbey has run up heavy losses and but for the open-ended support of Crown Agents would have already collapsed. Crown Agents has guaranteed to raise all the cash Abbey needs for its developments. This was a large factor in Crown Agents' own problems forcing the British Government to step in with plans to convert it to a public corporation.

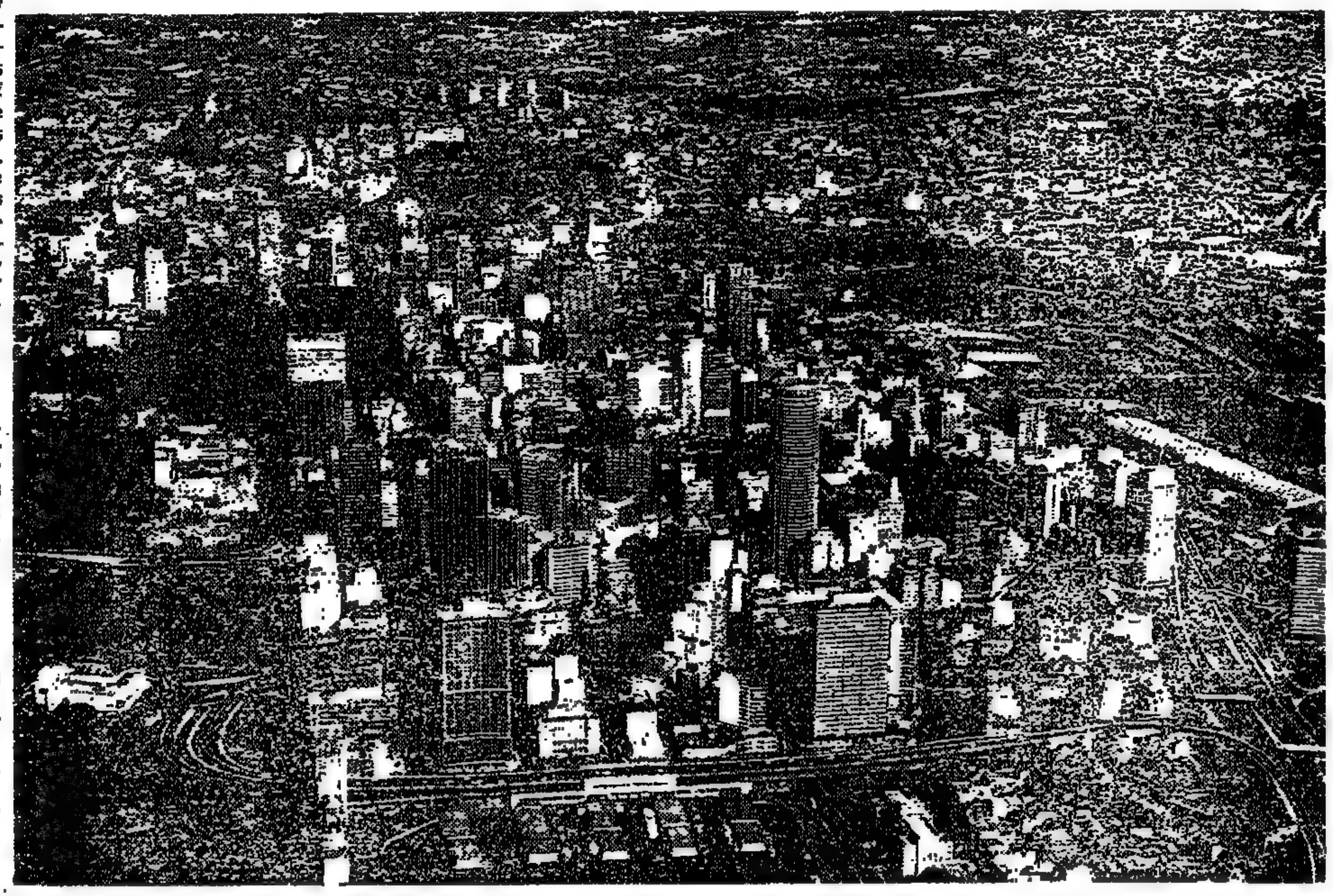
Abbey has turned in a string of losses, the latest of $A1.5m. in the six months to September 30, taking accumulated losses to well over $A10m. Abbey is now looking at a reconstruction of the group which could include offering equity to major Australian institutions. This would give the institutions a direct stake in the group's property investments, which are prime quality over the long-term haul.

Losses

MEPC Australia, the local offshoot of the U.K. group, is another heavy loser to date. The company incurred a loss of $A4.8m. in the year to September 30, which reduced shareholders' funds from $A19.6m. to $A13.5m., including $A8.5m. in share capital. Most of the loss came from provision to cover losses in an associated residential developer. MEPC also plans to reconstruct its capital by converting $A9.2m. of short-term borrowings from the U.K. parent to 2 per cent. long-term subordinated debt. Convertible notes would also be converted to shares.

If these groups can weather the unavoidably difficult period for the next three or four years they stand to do handsomely when the demand for office projects picks up. The signs are that the industry is already off the bottom and has started the slow climb back.

James Forth



Sydney's commercial district: outlook is improving but market is in a trough.

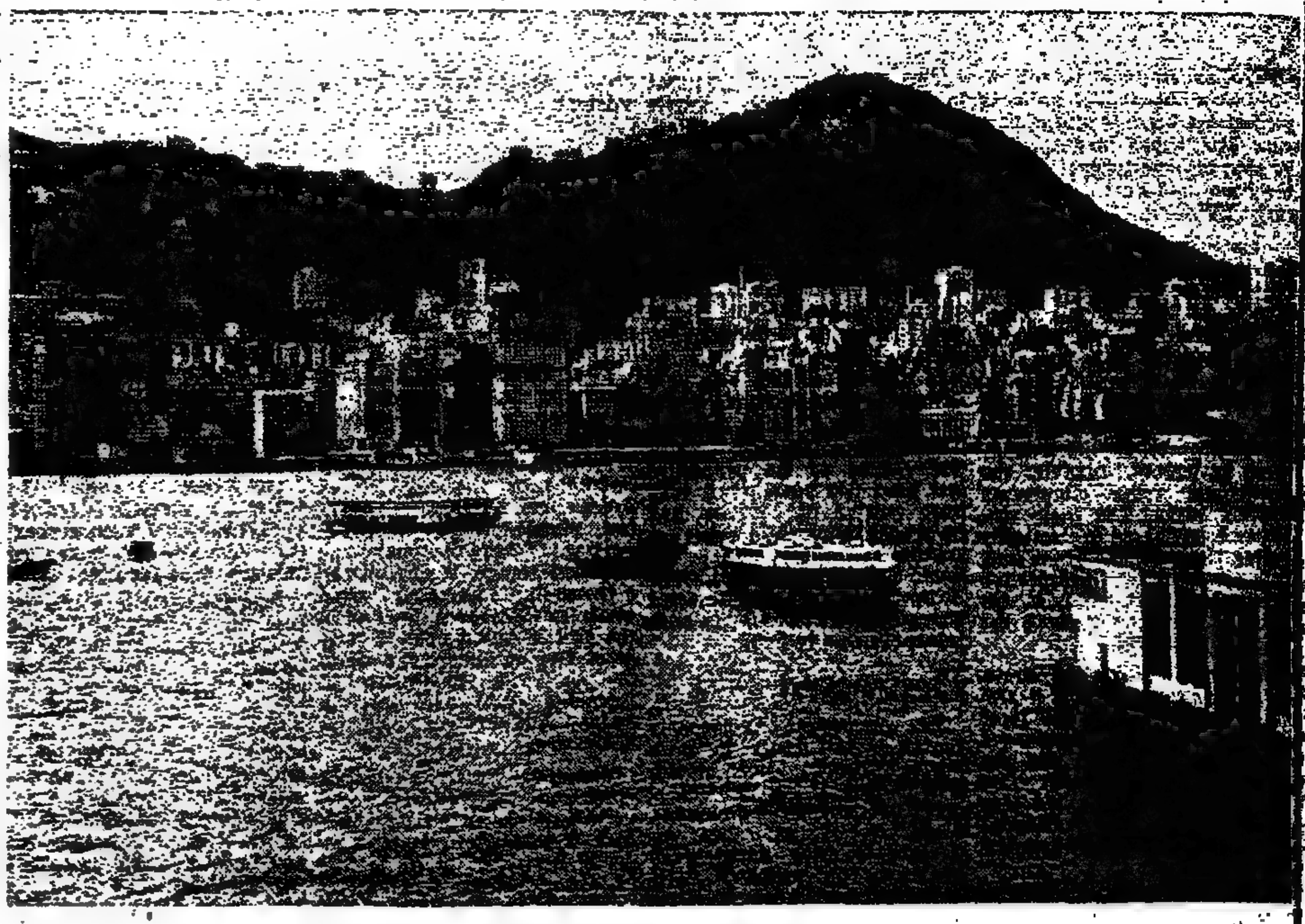
Steady demand in Hong Kong

DEVELOPMENT OF property in Hong Kong has always been a quixotic and cyclical business. *At the moment* the cycle seems to be indicating a boom, but there are reasons for caution particularly about rental of offices and shop premises.

At base, of course, the development of Hong Kong must be a profitable business. The demand is there: a growing, increasingly affluent population mainly poorly housed; foreign companies pouring in; new enterprises formed; too little factory space; too little land.

In Hong Kong developers have been known to make back their investment on a new building in four or five years. This was far *from infrequent* in 1972 and 1973. The largest developer in the Colony of 4.4m. people, Hong Kong Land and Investment, recently showed the value of a centrally-located plot of land by re-building on it for the second time in slightly more than 20 years.

Land is one of the largest and most profitable companies in Hong Kong. In its 1974 annual report the former chairman, Mr. Henry Keswick, predicted no major change of earnings despite the world slump. He was right. The 1975 annual report announced profits of $HK173.2m. compared with $HK166m. in 1974. But, that was a far cry from the 22 per cent. growth the company had made in 1974. What is more, much of the profit must have been contributed by Land's supermarket subsidiary, Dairy Farm.



A view of the business centre of Hong Kong from Kowloon.

Optimistic

Nevertheless, most developers remain cautiously optimistic. The general feeling was summed up by the Vice-President of the Real Estate Developers Association, Mr. Kwok Tak-seng, whose company, Sun Hung Kai Properties, is at the moment constructing 30 buildings. Mr. Kwok predicted an increase in profits for the company this year and an upward trend for real estate prices. "Lower and middle-range priced flats have been achieving very good sales," he said in mid-April. "Higher priced flats for residential purposes are also selling better, but at quite a bit slower pace."

Commercial properties, however, had exceeded the market demand. "This would mean that sale prices and rentals for commercial properties will cease to go up for a while." A survey by the Hong Kong Productivity Centre, announced last November, noted a 13-16 per cent. reduction of the selling price for flats in some of the lower income areas. Shop prices in the Central District of Hong Kong were down by 15 per cent. while the Kowloon area, which will be most affected by the construction of an underground railway suffered a drop in shop prices of 36 per cent.

Some other problems are affecting developers. Mr. Kwok asserted that a new policy by the Public Works Department, which approves both construction plans and finished buildings, makes it more difficult for developers to predict when a structure will be available for occupancy. Mr. Kwok conceded that the reason for the delays on the part of the examiners of buildings was "greater caution." This caution, it should be pointed out, was caused by the collapse of at least one multi-storey building in 1973 and the discovery that a number of other shoddy dwellings might have collapsed at any time.

Some developers are concerned that they will not be able to complete their building plans at estimated costs because of heavy competition for construction materials and skilled labour caused by construction of the underground railway. The General Manager of Hong Kong Land, Mr. Vernon Roberts, has predicted a 30 per cent. rise in construction costs over the next three years. In mid-April work on building sites slowed because of shortages of cement, caused by a sharp increase in demand.

In March, 68 new building plans were approved and permission was granted for construction to begin on 53 projects including an oil storage terminal, an extension to a hospital, and a home for the aged. The usable floor area of buildings completed for that month, the last of which figures are available, was 1.47m. square feet. Last year only 387 buildings were actually constructed, at a cost of $HK1.3bn., compared with 533 buildings in 1974, costing $HK1.5bn. and 580 the previous year, costing a total of $HK1.6bn.

In spite of this decline, the Government's latest annual property review announced that there is 2.5 times more office accommodation vacant than there was at the end of 1974. Office accommodation completed in 1975 amounted to 2.7m. square feet. On the other hand, the supply of vacant living accommodation dropped by 25 per cent. and the property review said that there was a substantial drop in the vacancy rate of factory space.

It seems obvious that developers will be far more active this year than last. The Government property review forecast that there would be a 30 per cent. rise in building completions this year, and that the figure would increase again by 23 per cent. in 1977. The increase in construction projects has driven up the cost of land sharply. One Legislative Councillor charged that the price had risen too fast, citing a $HK650 per square foot charge for industrial land this spring.

Since most land is owned by *the Government, this was in* effect a plea to release more land to stop industry from stagnating. The official view, however, is that land must be sold by the Government at a profitable rate. An exception can be made for special industries of interest in developing new technology and the Government has started work on Hong Kong first industrial estate, the first stage of which will be occupied next year.

It is perhaps the Government's high activity in housing construction that is most troubling private developers. The Government is by far the biggest landlord in Hong Kong, having housed in public or welfare housing nearly 30 per cent. of the population. There were, at the end of last year 347,[illegible] public housing flats. Some developers are concerned that the announced plans to complete 5,000 more houses for sale in each of the next few years to those with family incomes under $HK3,000 per month will cut into their business.

In reality, however, the government's plans to sell homes—in addition to the thousands of flats rented—will not conflict with the normal sales of developers. The market aimed at by the Government is poorly served by the private sector which, as is usual in many parts of the world, has placed great stress on luxury accommodation.

What may conflict with private companies are the still vague plans of the semi-government Mass Transit Railway to build housing on top of its headquarters in the Kowloon Bay area of Hong Kong. No one knows what kind of market the underground railway administration will aim at but it will want to make money. If it does that, it may at least help to keep underground fares at a reasonable level.

Paul Strauss

Surplus in S. Africa

A DEVELOPER putting up an office building in Johannesburg to-day would have to obtain an annual rent of at least R9 a square foot to make it pay. The trouble is, however, that the going rent for new air-conditioned space in the central business district (CBS) is around R4.80 and is not expected to be much above that even in a year's time, when a building now under construction could be expected to come on the market. The reason is that Johannesburg, and Durban and Cape Town too, are all groaning under a vast overhang of surplus office space. One Johannesburg broker estimates that 10 per cent. of completed new air-conditioned space in the city is currently vacant—with a figure of 15 per cent. for old buildings. The amount of empty office space in Johannesburg is near 250,000 square feet and with an annual take-up rate a third of that the arithmetic is brutally clear—namely that it will be at least three years before that overhang is cleared away.

Rents

Cape Town is in an even more parlous situation. Large projects currently under construction will result, says one leading broker, in a surplus of 750,000 square feet by the end *of next year, so a substantial* improvement in rents there may take even longer to materialise. Cape Town office rents are currently around R4.20 a square foot for new air-conditioned space.

Durban is also the setting for very large projects, begun in boom times, and now destined to come on the market in bad times. Over 1.5m. square feet of new space is due to be completed in Durban before the end of next year. The result of all this surplus is that rents have remained relatively stable while everything else has been climbing like mad.

The reason, in fact, why a developer starting construction to-day would have to ask for R9 a square foot when he finishes is simply rising building costs. The cost of cement ex-factory has gone up 81 per cent. in the last five years. Steel went up 15 per cent. this month after several increases in the past few years. Much steel, because it is imported, carries the cost of devaluation as well as of overseas inflation. Lift costs have gone up 24 per cent. in the last five years.

Costs

This year building costs have been running at an annual rate of increase of 15 per cent. Coupled with high interest rates, it does not add up to an amenable property development climate. Jimmy Ward, managing director of S. Africa's largest listed property company, Retco (total assets R100m.), put the problem of the high costs of capital succinctly to a recent Property Owners Association congress.

"I have just completed," said Mr. Ward, "an exercise in which the development of a R31m. project with the land costing just over R5.8m. carried a capitalised interest charge of approximately R6.5m. This is what happens when long-term money is raised at interest rates of 13.375 per cent. plus the trimmings concerned with underwriting and raising fees, making the effective rate about 13.6 per cent."

Besides those market fundamentals, two other problems are nagging the S. African property industry.

One is the tough Budget presented by Finance Minister Owen Horwood last March. Company tax went up from an effective 43 per cent. to 49 per cent. and personal tax went up by varying amounts as well. The general consensus about the Budget is that it will hit corporate investment because it means diminished pre-tax

CONTINUED ON NEXT PAGE

هكذا من الأصل

Developers stand back from Brazil

A SMBritish property company on Sackville, recenty inves50,000 in a Brazilian constn company through a mi-term loan arranged throutch associates. In intenal property terms the deal insignificant. Yet, accordb the publicists, it is beingarded as "the vital spaich could well touch off ilti-million pound invasi the booming Brazilian realte market by British pro companies."

y Brazil's "economic mi has been trumpeted so lou so many quarters for the two years why should it such a trivial deal as thire the starting gun for a ty race?

Istigating

enough, one reason me in the fact that all tblicity has not lured mroperty men into doing mhan investigating the Bn market. Only two nritish firms are operat- Brazil: Mackenzie Hill, h its own right and in jhemes, and Westminster pes do Brasil which is a ional advisor.

problem has been that re enough catches in the ic miracle to make pronen think twice.

gn investment capital is in to the country by a ion which prohibits reion of more than 12 per year of post tax profits. roperty men this means ny investment in Brazil es a sum of money which need to be regarded as n, off for several years. apital base itself must be tered in the currency of at the time of entry and, repatriation of that is ble, it would be vulnerable rrency fluctuations.

n the other hand these regu- ns have brought one wind- Major foreign companies ady established in Brazil, such as Volkswagen and British-American Tobacco, now have such swollen capital bases as a result of the 12 per cent. limitation that they have large amounts of surplus funds available for joint venture schemes with developers.

The banks too are keen to encourage foreign invasions and can offer two to three year money for projects. Although the funds would probably cost 30 per cent. a year, Brazil's unique indexation system, whereby everything is adjusted for inflation at approximately 30-day intervals, offers safeguards sufficient for most commercial concerns.

On the other hand there does not exist long-term institutional take out as a guarantee for the developer. Instead developers sell to the open market, often before seeking planning permission, and lettings or re-sales to users form a third tier. In this way developers' returns can be as high as 40 per cent. since there is first a mark up to the investor and then a normal yield to the investor of 12 per cent. on lettings or re-sale to a user. A well-planned construction programme can give the developer a slice of both phases.

What all this adds up to is a situation which works very well but could come a cropper. For nervous U.K. property men the risks have so far loomed larger than the potential rewards. This view is confirmed by Robin Widows of the agents, Hampton and Son, who has recently visited Brazil. He believes that joint ventures with companies like Constructora Adolpho Lindenberg, who were the recipients of the London Sackville loan, are the answer. But he does not underestimate the risks.

There is, for instance, the political situation. Financial and commercial pundits in Brazil apparently take the view that the present government should have at least another ten years' staying power. From a greater distance it is possible to be less sanguine.

In the meantime there is the possibility of further restrictive legislation which could make funds scarce or could slash returns. For example, credit restrictions are currently being mooted. At present there is no capital gains liability and corporation tax is a low 30 per cent. CGT could be introduced if speculators become a source of irritation and higher corporation tax could be one method of raising cash to finance Brazil's enormous foreign loans.

Economy

It is possible that the successful inflation juggling which goes on every month could get out of hand. The economy is not doing well. The first quarter balance of payments deficit was \$905m. against a forecast of \$800m. for the entire year. The much publicised "risk agreements" with foreign companies for oil and other mineral exploration may prove less successful than anticipated.

In the property sector itself there are also problems. It has been estimated that every day sees the start of 20 new development projects. This suggests that the sector is already overheated. There has been an oversupply of office accommodation in Sao Paulo and a surplus still exists.

Industrial development in the private sector is not very attractive as local authorities sell land to owner-occupiers at rates which make private speculative development uncompetitive.

On the plus side, there is no restriction on foreign ownership of urban land. Planning permission is readily available and unconfused. In Rio de Janeiro and Sao Paulo, for instance, each site has a predetermined zoning and guaranteed usage limit, although plans in excess of the limit are said frequently to be approved if there is community benefit. Planning approval is said to take only three months.

The over-supply situation is more than balanced by the enormous (107m.) and growing population which is becoming urbanised at frightening speed. The demand for residential accommodation is apparently inexhaustible and while the two major cities, Rio and Sao Paulo may be commercially over-supplied there are three other cities of over one million population, Belo Horizonte, Recife and Salvador, which still offer potential.

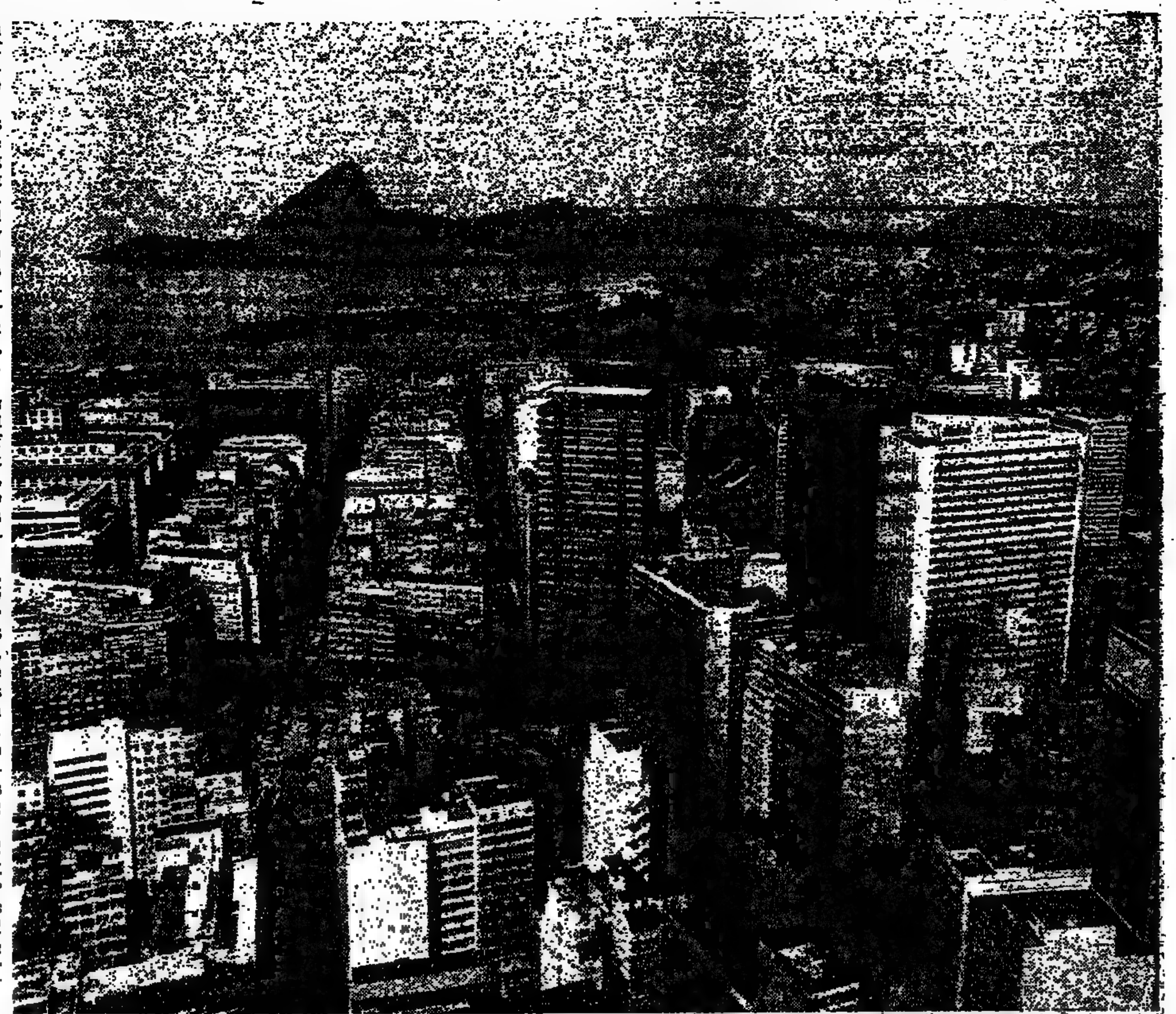
The construction industry is well established, sophisticated and efficient. Marketing of properties is of excellent standard. Brazilian engineers, the closest profession to surveyors, have flexible methods of valuation and sound professional skills.

Construction costs are low, said to be in the region of £15 per square foot for good quality commercial space, and materials readily available which, coupled with the active private investment market, often means that returns on construction can be as high as 100 per cent. Residential development costs and the demand for accommodation frequently leads to profits on costs of 45-50 per cent. in 12 months.

Rents for the best commercial space in Sao Paulo are about £4.70 per square foot a year for Avenida Faria Lima, which is said to be the new commercial area, £5 for the plum Avenida Paulista and £3.20 for the city centre on average.

Editor, Property Investment Review

Christine Moir



The financial district of Rio de Janeiro.

S. Africa

CONTINUED FROM PREVIOUS PAGE

prospects and less profits after tax.

The tightening of liquidity may mean even higher interest rates, in which case even more property owners will be forced into reverse gearing situations. That means more forced sales and more pickings for the cash-full institutional buyers.

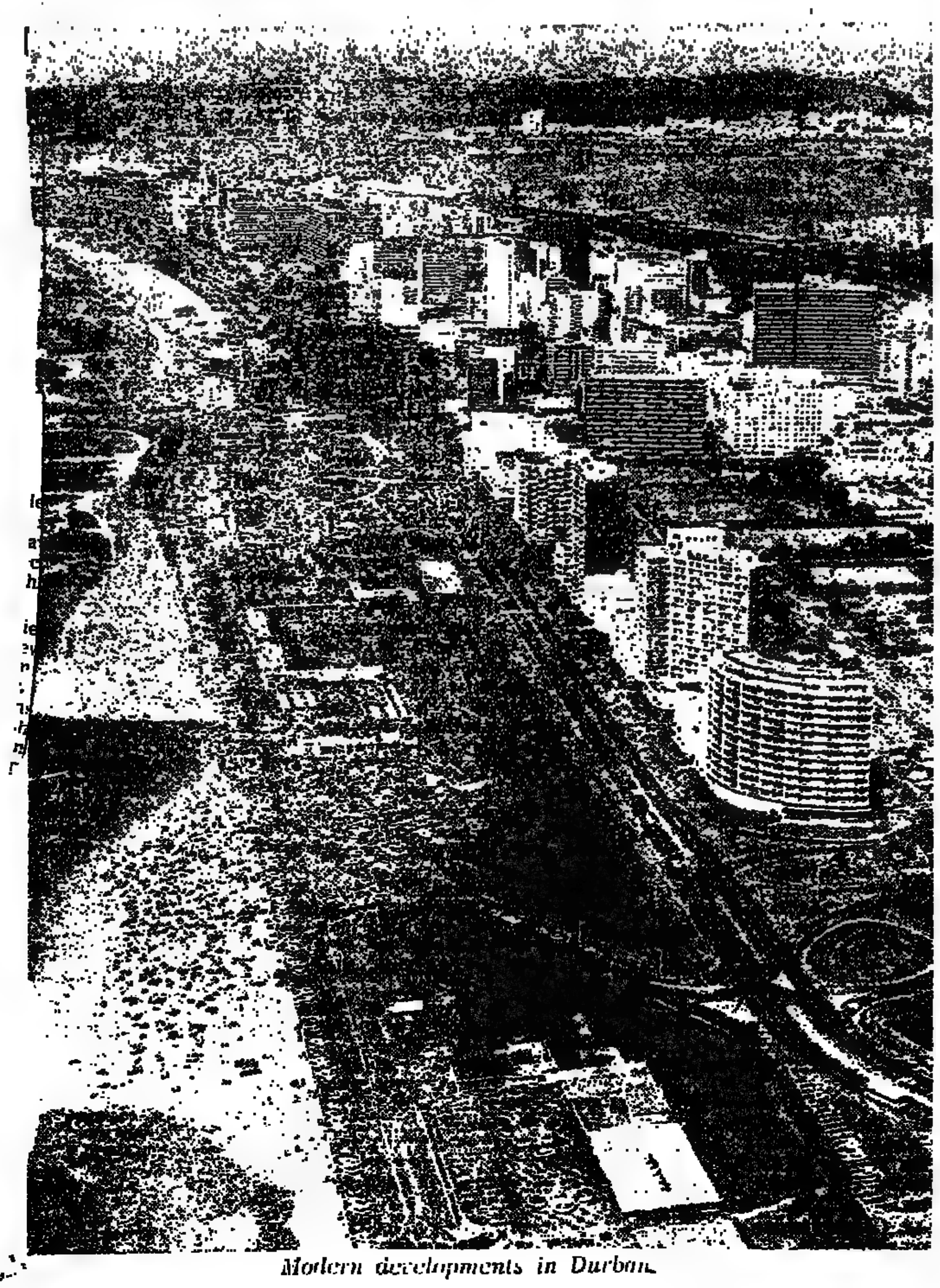
The other problem is the report of a commission of enquiry, known as the Driessen Commission (after the Secretary of Transport), into urban transport and the financing of mass transit systems. This report recommended, among other things, that rates on CBD properties be increased by 25 per cent. to help raise money. Fortunately the Government White Paper on the report whittled this figure down to 12 per cent. but it is still a worrying proposal. What the White Paper did accept without qualification were the two further proposals that tolls be exacted on roads leading into the cities and that parking be made much more expensive than it is now (R0.40 per hour on a CBD parking meter in Johannesburg).

The one firm patch in South African property has been, and still is, the industrial sector. There are still good risks companies prepared to take long leases if their accommodation is put up for them or purchased from them. The institutions, both local and foreign-based, have been playing this market. Even here, however, yields for prime covenants have been creeping up to around 11 per cent. from 9½ per cent. to 10 per cent. a year ago.

This is partly a reflection of the difficult times and partly a result of the higher risk element now applied to all property deals since the Angolan war. That episode knocked investors' confidence. Some say it knocked it too hard and that any property sold on account of Angola would be a foolish sale.

Whatever political difficulties lie ahead for South Africa the argument is put that there are nevertheless some exciting, even boom, prospects in property once the supply and demand situation rights itself. The jostling for the best grid positions for that boom has begun.

Nic Stathakis



Modern developments in Durban.

Germany finds upturn elusive

ESTATE AGENTS' annual reports on the German property market for 1975 have been full of apologies. Twelve months previously they had been unanimous in predicting a significant upturn in all property sectors in lettings, investment activity and new developments. That upturn has proved elusive and the agents have been honest enough to say so.

In their latest reports, however, they are still forecasting an upturn but this time they are hedging their bets. A common phrase in the new reports is "cautious optimism" or, alternatively, "subdued optimism." To be even franker, the optimism is very subdued. The problem is that the grounds for expecting an upturn are much the same as they were a year before—general overall improvement in the economy—and that time the expectations were simply not fulfilled.

Last year was a very difficult time for the German property market. A large number of German property developers went bankrupt and their projects, which were thrown back to the banks, have remained unsold.

Lettings—the key to the whole industry—were infrequent and at levels markedly below expectation. One German agent has estimated that only one British office block was let during the year. There are still a large number of unlet buildings in Frankfurt and in several of the other major cities, many in fringe areas where consumer resistance is particularly hard.

Where lettings have been achieved it has been a tenant's market and even the multinational companies seeking top air-conditioned space have been negotiating rents as much as DM5 per square metre per month below asking rents. From German companies the main demand has been for non-air-conditioned standard space and negotiated rents have stabilised at levels substantially below those of 1974.

Highest

In their annual report agents Weatherall Green and Smith describe highest office rents as being DM20-25 in Frankfurt except for a few exceptional units which have gone at DM30: DM25-26 in Hamburg: and a maximum of DM30 for the plums in Dusseldorf which these agents believe to be the healthiest office market. These figures are confirmed by other agents.

Warehouse and industrial lettings throughout the country have been difficult—one must remember that the concept of leasing is far from common among German industrialists. Though rents of between DM5 and DM6.50 are still being quoted (much the same as 12 months previously) actual lettings at these figures have been few.

The one bright spot in the market appears to have been in shops. Top-class retail accommodation has been in general demand and agents Jones Lang Wootton have monitored a growth rate in recent years of 15 per cent. per annum in open-market rental values. Top rents for small units in the best cities appear to be in the region of DM120-150 except for Munich, which retains its attraction as the premier shopping centre and fetches as much as DM250 for prized small units.

On the investment front 1975 saw almost no activity except for isolated instances of owner-occupiers striking favourable bargains with hard-pressed property companies. Foreign investors have undoubtedly been looking at the market but completed purchases have been rare to the point of non-existence, while German investors, who have been creeping back into the market, still have their eyes fixed on their traditional favourites — residential property. One probable impediment for foreign investors is the traditionally low yields, according to Jones Lang Wootton around 5.5-6.5 per cent. for prime offices and shops at present.

Needless to say, the development scene is almost non-existent. Neither the falling mortgage levels (around 8 per cent currently) nor the special construction investment grant of 7½ per cent. of building costs has stimulated speculative schemes. And banks, having had their fingers burned, are reluctant to provide money for speculative schemes unless there exists a long term institutional "take out."

The problem of forecasting the future is really only a question of timing. In the long term Germany continues to offer sound prospects of secure, growing investment. To-day's drastic cutback in developments will mean a shortfall of accommodation long term. The economy is the strongest in Europe. The industrial base is sound. Investors will return. But when? Crystal-ball gazers are becoming more and more hesitant in giving forecasts. There are signs of an upturn in the economy but these are proving elusive to pin down to concrete facts. And the main economic indicators have recently had a habit of swinging wildly one way and another. For instance, in 1973 GNP showed a 5.1 per cent. growth. This sank to 0.4 per cent. in 1974, but in 1975, when a number of pundits saw encouraging omens, there was a 4-5 per cent. drop into a minus position. This year the prospects are for a return to a plus position, but nervousness shows in all the forecasts.

German industry has certainly lost its confidence and it appears to be slow in returning. Jones Lang Wootton, for instance,

Weatherall Green and Smith are the letting agents for this modern banking complex in Frankfurt.

despite predicting a "marked recovery" in the commercial property market, noted in its annual report that the trend "will be dependent upon internal confidence in the German economy. Should the economy perform as the Government and other experts predict, then this could mean a substantial rise in rentals and a possible fall in investment yields."

Impetus

It looks as if industry will wait to see how the economy picks up before committing themselves to expansion programmes. Which may mean that the expected impetus in the property market could be delayed another year. Even then the speed of the pick up is generally forecast to be considerably lower than during the early 1970s.

This will not encourage major development projects, which will anyway be inhibited by a new regulation about to be introduced which is similar to Britain's new Development Land Tax. The regulation will tax development gains made through changes of use in planning permissions—at a rate of between 40-50 per cent. of the surplus value.

Industrial lettings should now begin to improve in selected areas, and office demand in the top five cities should pick up but only to a maximum take up of 100,000 square metres per annum. This will leave most cities (perhaps with the exception of Dusseldorf) with a considerable over-supply for next two years at least, although much of this will be concentrated in fringe areas it will tend to suppress rent levels generally. The retail scene continues to look bright with major investment activity likely for new fully let shopping centres, and small development schemes being undertaken in choice areas.

In the long term the present recession makes German property even more attractive for investors, but they will need all their courage to play the currency game when the snake is as slippery as it promises to be for some time.

Christine Moir

Crowded Paris sends developers to regions

THE RUSH of the early '70s into France has turned a full circle and there is now an outward movement, which if not quite of the same proportions as the inward rush, is just as spectacular.

Few British property companies can claim that their investments in Paris have been profitable. In fact many projects entered into in the heady days of 1971-73 have been an utter disaster. Those developers who bought sites along the Boulevard Peripherique have found that, despite the pressures on office space in inner Paris, there has been no real outward business movement. Decentralisation does depend on good communications being available with other parts of the central area. Unfortunately the new Paris ring road has proved to be just as congested at peak hours as the inner ring road.

Recently the downward movement in Paris lettings has been halted and there is some significant movement in the letting market. This has been mainly in the central area where small office suites have been quickly taken up. There has been no marked improvement in the situation on new office areas such as La Defense where the latest crop of completions has been in speculative offices. These huge blocks are now being sold off as they are let, mainly to Middle East buyers.

Residential

British property interests in France began with the entry of housebuilding companies, that moved to the market in 1965 and left before the commercial developers entered. John Bell developed houses at Tournan-en-Brie to the east of Paris. Carlton Homes, a subsidiary of London Merchant Securities, built two residential schemes on the outskirts of Paris, and Guildway built some 400 houses on the Paris outskirts.

Many of these early residential schemes took a long time to sell and most of the residential developers gave up long before the residential market in France improved.

Unlet

Then came the commercial developers. They moved in quickly and were soon buying every possible site in central Paris. When these were all earmarked they went further afield to the less favourable districts of the city.

English Property Corporation, then known as Star GB, undertook one of the largest commercial complexes on the Paris outskirts. This was at La Boursidiere, where some 600,000 square feet of offices has been built. Much of this huge complex remains unlet.

The collapsed Amalgamated Invest and Property built a massive 400,000 square feet block at Porte de la Vilette, on the Paris outskirts. Interest charges on this scheme contributed in no small way to the ultimate fall of the group.

AIP's scheme, known as Pariferic Bureau lies on the Boulevard Peripherique, and it appears destined to stay empty for a long time to come despite the fact that the asking rent is only about a third of the level of Central Paris.

It is now doubtful whether many more of these huge projects will be allowed by the Paris planning authorities and the emphasis for future development of offices will be in the provinces.

The official Government view is that to alleviate the imbalance between Paris and the French provinces measures aimed at controlling and slowing down office development in the Paris region should be introduced.

The effects of this policy which combined with over-supply and the availability of unsuitable property resulting from the euphoria prevailing during the previous boom years have led to the existence of a great deal of available office space in the capital, which is being disposed of only slowly.

This position is, however, no obstacle to the growth of the office building market, since slowness in the capital is offset by the substantial development of building in the provinces, where the dynamic energy and expansion characteristic of this sector will undoubtedly attract the attention of investors.

Whether the British developers will be among those attracted is doubtful. Their position in the home market is causing them enough problems and it is unlikely that they will be able to fund any scheme, however attractive it may be.

But the London estate agents, Savills, has formed a joint company with the French partnership Roux SA, a Paris-based consultancy firm, which makes it the 16th British estate agency to set up in France.

Mr. Mike Treays, a partner of Savills, said recently that he believes that this is the time to expand. "The boom has come and gone both in the U.K. and France. It is not going to be easy to get business anywhere. But the economy of France, while not without problems, shows greater overall potential for free enterprise than elsewhere in Europe."

Savills clearly believes that there are opportunities for further office development in France, although they appear to favour the provinces rather than the congested Paris region. The French Government is trying hard to attract office jobs away from Paris and is prepared to offer considerable incentives in the form of subsidies.

The most important of these benefits are the subsidies paid to encourage the location of certain service activities, differing according to the social and economic value of the undertaking to be set up. They are also restricted to geographical areas where development in the service sector is particularly desirable.

The subsidy may vary from 10 per cent. to 20 per cent. of the property investment depending on whether the establishment being set up is to be used solely for executive tasks, whether a company's head office or research establishment is to be created or transferred.

Potential

Clearly the opportunities in the provinces offer a great deal of potential for British investors. In the past some have attempted provincial projects but few have specialised in this type of development.

Several British companies attempted schemes in the "new towns" surrounding Paris, some successfully, and a few have moved further afield to Lyon and Nice, but generally British property development has been kept within the Paris region up to now.

Perhaps some development companies whose situation in the home market is sufficiently buoyant may be able to take advantage of the opportunities which provincial France now offers.

Rory Ferguson

هكذا من الأصل

Oversupply and rent squeeze hits Belgian market

THERE IS probably about a three-year supply of modern office accommodation available *or in the pipeline in Brussels.* In total, some 320,000 square metres of air conditioned accommodation is available and around 225,000 will become available during the course of this year. This will leave up to 400,000 square metres on the market after allowing for some take-up of space this year.

While this indicates a continuation of the over-supply position, it is also true that while the economic depression has hurt the property market sharply, it has never ground to a stop in Brussels. One of the reasons for this is the diversity of the market with the European Community and Belgian Government each substantial tenants, as well as Belgian commercial interests and foreign companies.

Although there was pressure on rents because of the poor economic position, nevertheless prime frontages have held up relatively well. Thus, the Quartier Léopold has on average been able to command rentals *on either side of B.Frs.3,000* per square metre while Avenue des Arts frontages have still been able to achieve B.Frs.4,000 per square metre. This reflects in turn the continued preference for the Quartier Léopold for rented office space. On average, of the 250,000 square metres of space taken up annually, some 70 per cent. is likely to be in the Quartier Léopold, the remainder being divided roughly equally between in-town developments like the Manhattan Centre area, the Avenue Louise, and the suburban sites like the Boulevard du Couverain.

The property sector has had to cope with a number of political problems quite apart from the recession. The least of these is probably the rent squeeze which restricts the amount by which rents can be raised until the end of this year to the level the index had reached in October. As, in any case, rents are usually adjusted *on January 1 to the November* or December level the loss is little more than one month's indexation.

There has also been a virtual halt on grants of building permits. However, with so much space available there has been little incentive for companies to test the strength of the resistance to granting permits.

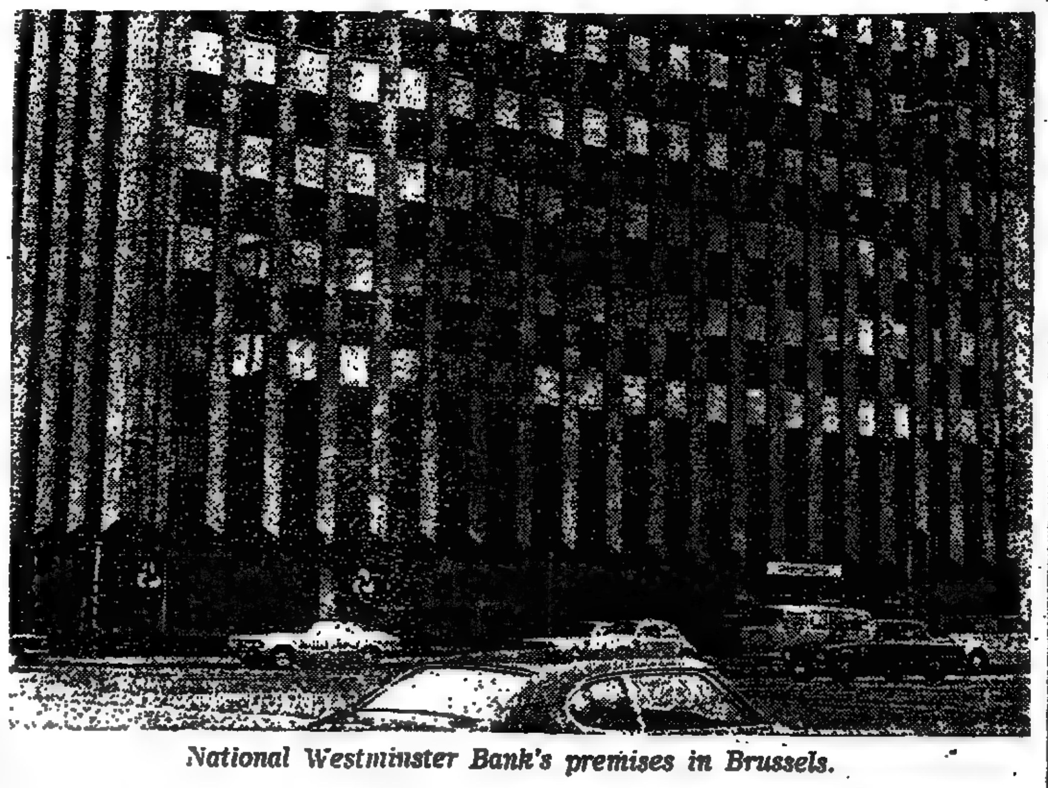
Available

If it remains difficult to get permits it could have the effect of creating a shortage of accommodation in three or so years' time, when the space currently available should have been taken up. However, a company which decided that it wanted to have space under construction to become available in three or four years' time would be taking a brave gamble on timing.

The third problem, which is developing into a labyrnthine mystery, is the famous agglomeration tax which is intended to be a tax on the volume of a building in relation to its plot size, pitched at B.Frs.350 per square metre. There is an offsetting agreement with building federations and developers to let them *match up commercial with residential development* — an arrangement which would work against British developers who would not have residential schemes. Quite when this tax will be levied remains unclear, though some companies are now preparing with a dignified lack of haste, to prepare their returns.

Generally there is little prospect of development becoming profitable until the supply-demand situation has evened out. Even when what is in the pipeline has been absorbed there is likely to be a lag before bankers are prepared to finance development. With the substantial rise in construction costs a hefty increase in rents will also be required.

However, property companies note a recovery in institutional interest in property for investment, stimulated by the growth of Brussels as a centre. Institutional investors tend to be seeking long leases with stable tenants and their arithmetic tells them that buying now is probably cheaper than building later. Ideally they tend to be looking for an investment of up to B.Frs.150m. which would buy perhaps some 2,000 square metres of space, a relatively small office by Brussels standards, although some investors are interested in the bigger accommodation of up to 5,000 square metres which would cost, depending on the site, around B.Frs.300m. The yield on this type of investment has been calculated at around 7 per cent. with the yield on industrial accommodation a couple of points higher.



National Westminster Bank's premises in Brussels.

A further problem for the market is posed by the doubts over Belgian policy to regionalise its Government in the interests of permitting greater autonomy to the linguistic regions. The Government is committed to such a policy but progress has been halting because of the inability of the political and linguistic interests involved to agree on the modalities of the policy. This has meant that official bodies in particular are unwilling to make decisions about accommodation until they are clear about whether they will be required to regionalise themselves by creating Flemish and Walloon operations. There is also a doubt over whether any definitive regionalisation would lead to an exodus of administration from Brussels, dumping substantial amounts of space in Quartier Leopold on the market, or whether the Brussels bureaucracy would remain in place to control the regional bureaucracies.

Outside Brussels there has been relatively little activity, often because of the nature of the market. In Antwerp, for example, owner occupation characterises the market, though take-up of rented accommodation has been relatively buoyant.

On the industrial front a decrease in unit size has been noted, with a tendency to buy old buildings and refurbish. One of the main growth areas has been around the Brussels outer-ring road as a light industrial zone, while the motorway development towards Paris has helped the south of Brussels. Some property companies think that the rules which impose Flemish as a working language for company affairs in Flanders have deterred foreign companies which prefer the areas permitting multilingual operations.

David Curry

Increased activity in Holland

THE GENERAL consensus among both Dutch and British property companies is that activity is picking up again on the Dutch market. The emphasis is still on the investment market, in response to the significant decline of interest rates in the past 12 months. For the rest of this year, most bankers anticipate a light increase in the interest rates, partially as a result of the expected heavy borrowing by the Government to cover its record deficit.

Agents in Amsterdam and Rotterdam report that, although there is still overcapacity in the office building market, developments have taken a turn for the better and the overcapacity is in the process of being mopped up. As for the shopping side, demand is described as very lively in prime centres. In the near future, Dutch consumer demand is expected to recover and this was confirmed by downward movement in the savings statistics for April. It is generally agreed that the industrial sector is giving problems, after being hit hardest by the recession. Investment activity by the Dutch corporate sector has been generally very low and an *increase is not* expected before the end of this year.

Transactions

Recently, a number of very large office blocks in the Randstad area have been taken out of the market, in a series of *most important transactions.* In Amsterdam, the Dutch insurance company, Delta-Lloyd—part of Commercial Union—has purchased from Rank City Wall a building along the "Omval" which totals about 30,000 square metres. Delta will be transferring staff there from various establishments in Amsterdam and from offices in the canal *belt areas.* This will make the position in that area of the city more difficult. The demand from the investors is relatively limited in view of the fear of high maintenance costs for the canal houses. Another problem is difficult access, with the central Amsterdam traffic problem worsening. There are proposals for a series of car parks in the centre but so far nothing much has materialised. The prospect exists of regulations making it even more difficult to take private cars into the city.

Recently, it was reported that the State Postal Savings Bank (RPS) had decided to purchase a new building, due to be opened probably next autumn, called the "Amstel Centrum." It is located near the Amstel railway station and has an estimated 63,000 square metres of space. Local Press reports suggest that the purchase price is around Fls.115m. (about £23m.). The RPS deal is described as the biggest signed in the Dutch capital in recent years.

Another important transaction took place in Rotterdam this month when the Municipality, which had been looking at *building schemes for some time,* reached agreement on the purchase of the Euro-point buildings numbers two and three, as well as a large parking garage. The two buildings each have 31,000 square metres and the sellers were a partnership of a Dutch company and Town and City as the more important partner. The transaction, which should cost the municipality an estimated Fls.125m. (about £25m.) was described by the selling agents as probably the biggest Dutch property deal signed to date.

In its spring report for this year, Savills, the British property consultant, said that letting prices of modern air conditioned office space have moved only marginally, putting them between Fls.200 and Fls.220 per square metre. Higher prices have been reached, however, for certain transactions. The prices for office space not termed first class is put between Fls.150 and Fls.180, and it is added that letting prices for older buildings were increasing gradually to about Fls.120 per square metre. It is also noted that a number of major deals have been signed in the past six months, so the market is certainly not dead. There are relatively few new buildings arriving on the market, but in view of the extremely time-consuming planning procedures in Holland, which the authorities are trying to speed up, this may change towards the end of the year.

On the subject of shopping space, Savills said that, although activity is increasing, this was not clearly coupled to a significant rise in rental prices. It stated that in the smaller towns rentals are between Fls.250 to Fls.350 per square metre and Fls.450 and Fls.750 in the larger towns. Amsterdam continues to lead rates with rentals between Fls.800 and Fls.1,250. Savills noted that retailers are even prepared to pay up to Fls.1,700 per square metre to be present in Amsterdam's leading shopping street, the all-pedestrian Kalverstraat.

Several agents, including Savill's and Richard Ellis, said they were not very hopeful of a quick recovery of the industrial property sector which has been hit hard by the recession. "It is practically impossible to let industrial developments before they are in fact completed," Savill's stated in its report. The demand for large industrial complexes is very limited and in the past six months larger establishments have had to be split up to be attractive in the current market situation. Typically for Holland, it is also pointed out that the number of industrial sites available is not very substantial, which has contributed to the rising cost of the land.

The rental prices of industrial property have remained nearly stable between Fls.55 and Fls.80 per square metre in the Randstad area. Recently Nationale-Nederlanden, Holland's largest insurance company by far, said in its annual report it was to concentrate increasingly on commercial property not only in Holland but also in Belgium, France and Germany. The company has traditionally been an important force in the market for building residential housing designed for letting. Now it will concentrate on residential housing for buying only as it and other Dutch institutional investors are finding the former market no longer financially attractive. They point out that *the new rental and subsidy re*gulations by the Government will affect yields. A further indication of increased activity by the pension funds and insurance companies in other areas was also provided by the Minister for Housing, who confirmed recently that in the first two months of this year not a single application for the building of residential housing for letting had been received.

The current year is also one not just for more foreign activity in the Dutch property sector—the market also remains fairly attractive from the currency investment aspect—but much more strongly the quest by Dutch companies to branch out into foreign countries. In its annual report just out, the *BOZ* company, which not so long ago was taken over by Nationale-Nederlanden, said that the end of its affiliation with Hammerson by no means meant it was to cut back on its foreign activity. It was aiming to achieve a balanced portfolio and a good spread of its risks. In common with so many other Dutch companies, and it was looking to expand in the somewhat longer term particularly in areas such as Belgium, France and Germany and possibly outside the European continent. BOZ, which has Fls.224m. worth of investment property, has taken over the Brussels office of its former joint venture with Hammerson's and the annual report reveals there are also plans of opening own offices in the near future in France and Germany. Reviewing 1975 in its report, BOZ said *there had been considerable* office oversupply in Holland with rentals under pressure as a result. No new office projects had been started. Another Dutch company, Beleggingsfonds Onroerende Goederen, said in its annual report recently that the demand for good office space is expected to rise again in the short-term and it points out that in past two years there has been less new development in the office and residential sectors.

Inflation

As for the economic outlook for Holland, the inflation problem remains, though the Government is *trying very hard to* prod the trade unions in further restraint on the wages front. The important Dutch Central Plan Bureau, on whose forecasts the government bases most of its economic planning, predicts that wages will rise by 8½ to 9 per cent. this year: prices should increase by the same level. Assuming the government *manages* to put through its various plans to counter inflation, the CPB predicts a better 1977 with wages and prices levels declining further to 7.5 per cent. and 5.5 per cent. respectively. Business investments, which were down 6.5 per cent. in the present year, could again show a rise of 3 per cent. next year.

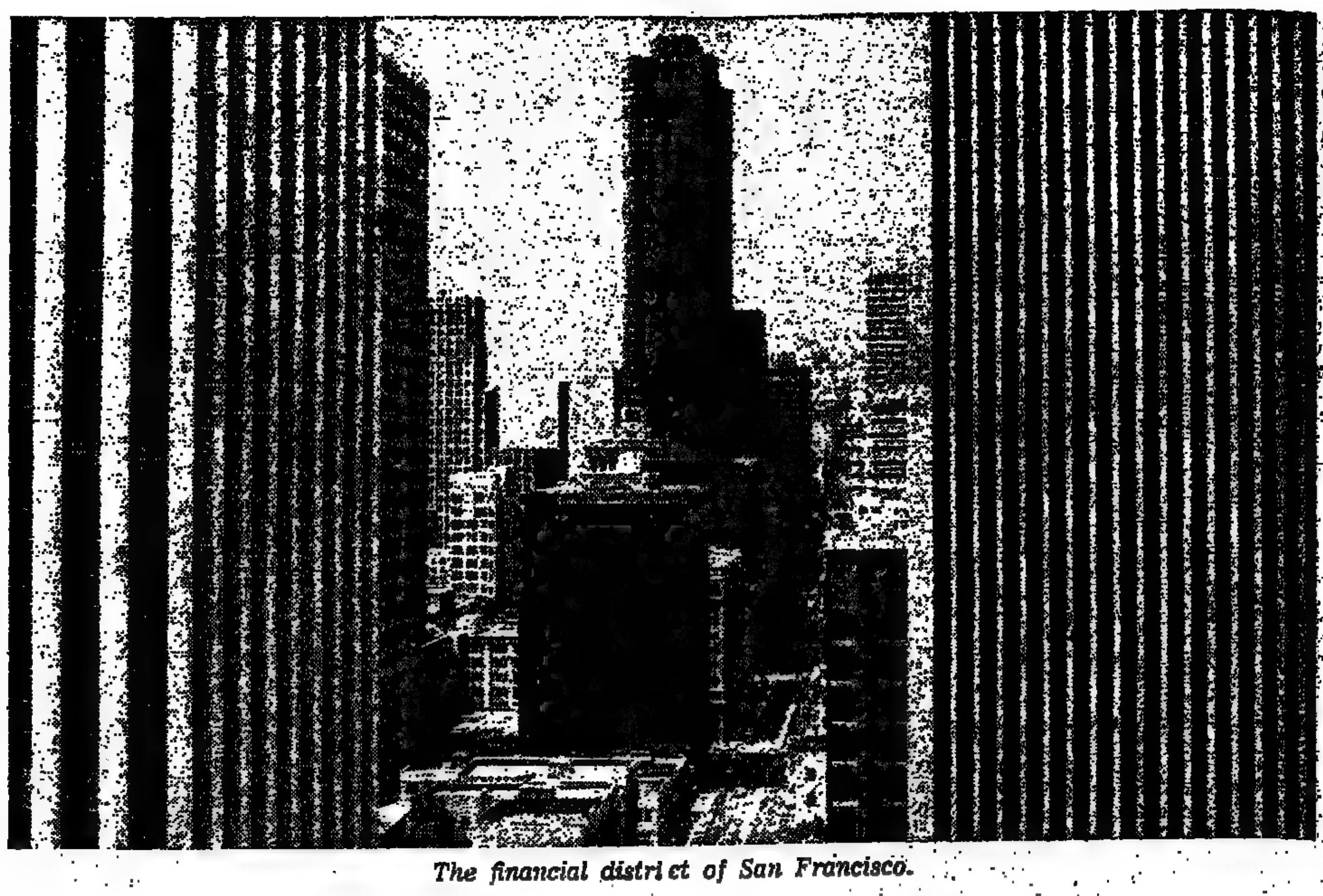
The guilder is expected to remain among Europe's stronger currencies for some time to come even though the balance of payments surplus is artificially high, thanks to the vast income from the Dutch natural gas sales. The balance of payments surplus, which is expected to total some Fls.4bn. in 1975, could reach Fls.8bn. in the current year. A persistent problem remains with the low level of profitability recorded by Dutch companies, which is translated into relatively few investments so far, an unusually high unemployment figure.

Michael Van Os

Gloom lifts in U.S.

FOR THE past year and a half at least the U.S. property market has resembled a state of siege, with desperate real estate investment trusts, troubled construction and development companies, anxious landlords and worried bankers all trying to hold things together until the economy turns around. The turn around has come, but it is still not certain that the state of siege has passed. Some observers feel that a debacle in some areas—particularly the real estate investment trusts—may yet ensue, so as the economic picture has improved quiet anxiety has replaced the tight-lipped terror of past months.

One area that is breathing more freely is residential housing. After taking its worst beating in 40 years, the housing industry at last sees at least a temporary reprieve from unsold and unfinished homes, and an all-time record for industry bankruptcies. Housing starts, the measure of the industry's health, have picked up for the first time in two years, and already the first estimates for the year are thought conservative.



The financial district of San Francisco.

Housing

Current hopes for total new housing run to something in excess of 1.6m. units, and perhaps as high as 1.8m., if the turn around holds together. Earlier estimates ran to 1.5m. for the year. Last year, housing starts hit a nadir of 1.17m. units, down from an unhealthy 1.35m. units in 1974, and more than 50 per cent. below the 1972 peak of 2.38m.

There are enough factors contributing to the current improvement to warrant the guarded optimism the industry seems to feel. In the past, any cheery forecast has been only the proverbial grasping at straws.

First, good weather and an early spring gave the construction season an early start, and at long last money was generally available. Savings and loan associations and other thrift institutions (the equivalent of the building societies) have been reporting increased deposits. In January federally insured the Savings and Loan Associations reported a savings inflow of $5.11bn., a record for any month. February recorded net deposits of $4bn. and March was strong as well.

As this money became available, a combination of pent-up demand and greater consumer confidence moved buyers into the market. There, the next obstacle—and by no means a small one—is cost. The median price of a new home has risen to $41,900, or simply beyond the range of what many families feel they can afford. In addition, banks, badly burned by their last round of easy credit loans, are applying stricter credit standards. Where the rule-of-thumb used to be that a family could comfortably support a mortgage at 2.5 times annual income, rising maintenance and fuel costs and tighter standards have cut that to 1.5 times earnings.

In response builders are offering "no frills" houses, cutting quality and extras in desperate attempts to hold the line on prices. The ideal range is between $30-35,000, and houses that fall into that bracket have been selling quickly. But the American ideal of owning your own home, which is a reality for 65 per cent. of the nation, is doubtless becoming more and more difficult to realise. This looks to be a long-term problem for the industry.

Improvement in the housing picture is not universal. Some areas of the country, such as Florida and Atlanta, are still overbuilt. Some professional investors feel that residential housing is not a good investment at present, despite the better picture. For many the least attractive sector in housing remains multi-family dwellings. For them the rising management costs and fear of rent control makes this an area fraught with too many uncertainties to warrant the risk of costly construction.

Commercial

Uncertainty plagues another sector of the property market—commercial office space. New York City, for example, has had one of the most severely overbuilt markets in the nation. Some observers suggest that it will take eight to ten years before it recovers completely. The losses are expected to be more than $1bn. before it is all sorted out. The past few months have seen an improvement, but when things began to fall apart in 1974, it was estimated that New York had more than 30m. square feet of excess office space. The final tally is not in yet, and companies are still taking write-offs and cutting their losses.

In what is thought to be an unprecedented move by a major bank on a major piece of property, Citibank withdrew from a $52m. leasehold construction loan it had led on the infamous 1166 Avenue of the Americas, a headache of a building put up by Tishman Realty and Construction. The structure has been vacant for nearly two years, and Tishman had already taken a $22.8m. write-off on the property.

What stunned the industry was that Citibank just walked away from the loan. It simply failed to pay property taxes and ground rent payments in January and February of this year, and thus turned the building back to the mortgage holders on the ground.

The big question remains. What does all this mean for the hard-pressed real estate investment trusts? The answer seems to be that nobody knows exactly. If, in fact, the turn around in the real estate market (or the bottoming out) is the beginning of a long term recovery, and there are no assurances that it is, the trusts will still have a long uphill battle in order to survive. And they may have to fight it out with little help from bankers or the Government.

Last year at this time, it was assumed that the banks were committed to the survival of the trusts. Now, however, they are becoming restive and more demanding. As the economic climate has improved, banks in general seem less willing to sit by for five or ten years while the trusts struggle with their problem loans and pull themselves together. Many banks have shown that they do not want to carry the financial burdens. With loan agreements involving massive bank syndicates, numbering from 50 to 100 creditor banks, even two or three reluctant sponsors spells trouble.

Continental Mortgage Investors, which filed for court protection under Chapter XI of federal bankruptcy laws after defaulting on $502.7m. of principal and interest payments, is a case in point. Bank of America, with a modest $10.5m. in loans to CMI, led the resistance to a renewal of credit agreements. Crocker National of Los Angeles, with $21.8m. in loans outstanding to CMI, and Morgan Guaranty Trust, with $6.7m. followed suit. Two small banks refused to sign the new credit pact, and 20 of the remaining 98 banks were wavering. CMI capitulated and filed for bankruptcy.

There were, of course special problems for CMI, not the least of which were numerous lawsuits from disgruntled borrowers. Nevertheless, the message was clear. Many banks are anxious to wash their hands of real estate investment trust loans and move on to better things.

Citibank, which seems to be clearing out its loan portfolios, accepted a swap arrangement with Chase Manhattan Mortgage and Realty Trust, and eliminated its $53.3m. line with the trust. At the time four banks bid $87.6m. for ten loans under an assets-swap programme, with an aggregate of $85.1m. in debt reduction and $2.5m. in cash.

The Chase Trust, the nation's largest in real estate investment, with a loan portfolio of $854m., has asked its shareholders to approve management power to assume non-trust status if that will enable it better to work out problem loans. Non-earning assets represent 71 per cent. of the trust's portfolio.

Banks are also becoming very cautious about the terms of subordinated debt. Audit Investment Research estimates that all trusts have about $2.15bn. of non-bank senior and subordinated debt with an annual interest of $150m.-$170m. The fear that default on these payments would push trusts into bankruptcy, drove the banks to pay interest to subordinated debt holders before their own demands were met.

Concessions

Now, when many banks have cut their interest rates to 1 per cent. or 2 per cent. on about 55 per cent. of their trust loans, there is growing pressure to ask bond holders to make similar concessions. Already First Mortgage investors and Republic Mortgage investors have modified credit agreements with bond holders. Others have already begun to follow, at the behest of their bank creditors.

But even when the staggering financial problems are sorted out, it looks to be a long haul for the trusts. Many of them have received lower interest rates, with the provision that contingent interest payments be made from earnings in future years. Audit Investment Research suggests this "effectively ties up earnings of some trusts until 1988," hardly an encouraging prospect for shareholders.

The more immediate concern for shareholders, however, is, which of the trusts will survive and which will follow CMI into bankruptcy. Two other trusts, Minneapolis-based IDS Realty Trust and the West Coast UMET Trust, are teetering on the verge of collapse. The question is, how many can go without bringing the whole house down?

Candace Cumiberti

SOCIETY TO-DAY

BY JOE ROGALY

The case for several Little Englands

BRITAIN NEEDS a new constitution. The old one stopped working in about 1964. Since then the politicians civil servants and trade union leaders have been making up new rules as they go along: the most recent example of this was the debate in the Commons over just what representation there should be on Parliamentary committees in a House in which no single party has an overall majority. Not all the new rules are invented on the run: some are constructed by special committees of inquiry, or Royal Commissions, or inter-departmental seminars, but these are nearly always modified by Downing Street, Congress House, and the interested Ministries to suit the political fashion of the day.

The process is a continuing one. Last week the Conservatives tied themselves in knots over a "policy" for the devolution of legislative powers to a Scottish assembly: this week the report of a committee set up two years ago to review local government finance (Chairman: Mr. Frank Layfield QC) will provide a fresh stimulus. Now it happens that large parts of this report have not been "leaked," so we should await publication of the entire, lengthy document before trying to assess what it says.

But what can be said in advance is that at best the Layfield Report will have to be regarded as simply one contribution to what is becoming an increasingly broad-based debate about the constitution as a whole. Many members of the Government, and some members of the committee, recognise that it would be foolhardy for any Cabinet to pick up such a report and declare, in the manner of Governments in more settled times: "Right. We'll do this, although we have reservations about paragraphs 15 and 38 which we'll leave out."

This time the argument runs far deeper; it is of fundamental importance, even if you disregard the proposition that what is really at stake is the whole of our constitution and restrict the discussion to the future of local government alone. For just on that limited basis the simple acceptance of the Layfield proposals would inevitably repeat the mistake that was made when local government was so disastrously re-organised a couple of years ago. This mistake is so important that it needs spelling out.

Finance

It began in 1966 when the then Labour Government appointed a Royal Commission under the Chairmanship of Lord Redcliffe-Maud to enquire into the boundaries and functions of local government and *the terms of reference did not mention finance.* Not surprisingly the resulting report, complete with memorandum of dissent and many maps, said relatively little about finance, *although both the report and* the dissenting memorandum by Mr. D. Senior spoke of the need for new sources of income and recognised that councils could not be properly responsible if they did not raise most of the money they spent.

The mistake was compounded by the last Conservative Government. It took Mr. Senior's proposed two-tier structure, modified it to suit local political taste, and enacted the "reform" that came into force two years ago. Nothing was said about finance; the result is that in the 24 months since the new monstrous machines for wasting money were first let loose local government has become recognised as possibly the most destructive single force in our economy.

Now we are to have the Layfield Report. The terms of reference ensure that the *emphasis will be on finance:* the implications for a restructuring of local government will necessarily follow from what is said about paying for it. Some people will say that this is a relief because the "reform" of April, 1974, caused so much upheaval that nobody could want to go through that again too soon. This is like saying that if you have constructed a building upside-down you have to leave it that way, however *much it may seem to be in* danger of toppling over.

The debate is instantly broadened when the link between devolution and local government reform is *established. One argument made* against devolution is that it would create an "additional" tier of government, so that beneath the new Scottish assembly would be the new Strathclyde authority and its brethren, while beneath those *would be the local councils.* The argument against abolishing the frighteningly expensive (and more or less useless) new super-councils like Strathclyde is that they have just been set up. It will be seen that a break has to be made somewhere if we are to escape from this Catch-22: the way to do it, surely, is to refer all discussion back to first principles.

This is an awkward duty that our politicians dodge. The main Redcliffe-Maud report (paragraph 527) said in 1969 that "a country desiring local self-government should first decide what it wants local government to do and then equip it with an adequate local taxation system." The Layfield Report is likely to say much the same about local government this week. The broad debate about devolution of power to Scotland should start with this as one of the vital *first principles upon which the* eventual solution is to be constructed.

The logic of any argument about local autonomy leads to a choice between abolishing all local councils or establishing a federation, which might be English states as above.

Such a return to first principles might produce interesting results. The Redcliffe-Maud Report, which was confined to England, proposed the establishment of eight English provinces, each with its own indirectly elected council. Now that Scotland seems to be heading for some form of self-Government, and Wales is likely to *make similar* demands in the future, perhaps the idea of English *regional* government should be re-examined? Once you do this, however, it is quickly seen that a great deal of the argument boils down to who does what, which means who pays for what, which means who can raise which taxes.

The logical destination of any such process of thought, whether it is confined to Scotland or extended to include a regionalised England, is something very like a federation. For Parliament's principal power is the power to tax. This is either devolved, or it is not. If it is devolved there must in all reason be a written set of rules; if these are to be kept in force, without the whole arrangement exploding every time there is an argument, there must be some outside arbiter—a Supreme Court perhaps—to settle outstanding disputes. If we are talking about *genuine* local autonomy these principles apply whether the debate is about a Greater Birmingham local authority or the whole of Scotland.

Of course there are many people—perhaps a majority in Westminster and Whitehall at the moment—who when faced with this choice would say "very well, we shall not devolve." The logic of this approach is severe. It means no genuine powers for any Scottish assembly (with all the political advantage that that would give to the Scottish Nationalists) and *it means* the eventual elemination of local authorities. Many people would be greatly cheered by such a thought; they argue, with reason, that any half-dozen of our most efficient Whitehall Under-Secretaries could manage a fistful of any of our new super-councils better than they are managed by thousands of officials and councillors to-day. Since the central Government pays most of the bills, perhaps it should simply take over?

My own feeling is that while this might mean a temporary improvement in efficiency it would mean little more than that, while the constitutional cost would be very high. The federal route is the more radical one: it seeks to tame and polish up local administration by making it raise the largest share of the money it spends. In theory at least this would put these councils—local, regional or provincial—at the mercy of local taxpayers; if this were the purpose of any new constitution-makers a great deal could be done to ensure that the theory is made to come true.

Piecemeal

The best hope is that as the debate proceeds people will realise the need to start with theory and move to the details later, although this is the opposite of the usual British way. The worst possible outcome (and of course the most likely one) is that we will continue with piecemeal, leapfrogging, reform—taking one or two popular paragraphs out of Layfield, trimming the Scottish *policy to the latest report of* SNP strength, and leaving the new, ruined, National Health Service to fester until *that* disastrous re-organisation can no longer be sustained by the cry "we cannot undo it because it was done so recently."

I am not saying that a federation should be imposed upon England at once; this is plainly ridiculous. No federation would work unless a number of local areas gave evidence of some kind of feeling in favour of autonomy. The chances are, however, that any politicians who chose to stimulate local pride (the Liberals under Mr. Grimond?) might find that in some areas the response would be surprisingly encouraging. In the North-East there has been remarkable development during the past few years because locally-based officials have developed a sense of regional importance. No one needs reminding of the exclusiveness of Merseysiders, or of the natural differences between London and the South-West.

Even as such words are written one can imagine the objections, starting with the cry "this will be the slippery slope to the break-up of the United Kingdom." It is worth asking just what this cry means. If it means that the loyalty to the kingdom of its outlying parts depends upon an increasingly unsatisfactory control from an increasingly remote Whitehall and Westminster, it is not saying very much. The truth is that London no longer *works* as the centre of all thought, and all government, in the kingdom; it should be replaced by a combination of locally-autonomous units and an altered central government.

Once this point in the argument is reached a great deal else follows. If you change the regions you change everything. A written constitution, a Bill of Rights, an elected Upper House to replace the Lords—all would enter the debate in their proper turn, with electoral reform placed early in the queue. Some of these proposals may be rightly shot down when we get to discussing them, but on the basic point there can be no argument. We do need a new constitution. If we are fortunate the Layfield Report will help to concentrate some minds upon what it should contain.

Letters to the Editor

Financial patronage

From the Leader of the Council, Royal Borough of Kensington and Chelsea.

Sir, — I write as chairman of a small superannuation fund to support the remarks made by Lex (May 13) about ICI's rights issue and the underwriting cost of £3m. Clearly, the issue terms *have been competently pitched* and there is no apparent need *for underwriting.* The underwriters would argue, on the other hand, that the £3m. represents an insurance premium against some *cataclysmic happening* which was unforeseen at the time when the terms were set.

My view, after 25 years in the City and 17 as a member of the Stock Exchange, is that a great deal of underwriting is a dubious operation. The "money-for-old-rope" underwriting is mainly confined to a handful of large stockbroking firms and merchant banks and, of course, their favoured clients. A small fund such as ours does not get a look in, nor do the medium and smaller-sized stockbroking firms. I think the time has come when it would be more appropriate for the purely insurance premium element of underwriting to be recognised and for a fund to be set up by the Stock Exchange centrally, into which companies would pay a suitable sum in *order to insure against unforeseen developments at the time* when their rights issue goes to *the market. Such a fund would* operate in the same way as the present compensation fund which covers *defaulting clients.* Such a system would be much cheaper for companies and fairer to all concerned.

The present system means that a handful of large stockbrokers and merchant banks make gains which are out of all proportion to the risk involved and which confer a large amount of financial patronage to a very limited circle. This is wholly undesirable and merely gives support to Left-wing critics of the City. No one has more admiration for the City and what it does to earn money for our country *than I,* but, equally, there are blemishes which require critical examination. One of these is the underwriting system, and I hope that serious consideration will be given to the system I have suggested in the foregoing.

(Sir) Malby Crofton.

Town Hall, Kensington, W.8.

Choice of cars

From Mr. A. Harold

Sir,—One of the most important sectors of the British domestic car market, and one which has escaped relatively unscathed from the inroads of foreign competition, is that of fleet sales. A major factor here has been the continuing loyalty of British companies to British manufacturers, many (and particularly the larger ones) enforcing a "Buy British" policy for all company cars. *With the Chancellor's* fiscal onslaught against company car use imminent, however, it appears to many industry observers that even this last strenuous bastion against the tide of imports may now be about to be breached.

Taxation of company cars is to be determined by cubic capacity, and more swingeing tax rates will apply at the arbitrary break-point of £5 000 value. Consider what effect this is likely to have on the various strata of company employees.

The senior manager or junior director to-day driving a Jaguar or a Daimler may well in future secure the status of transport he requires in opting for one of the more exotic (and often more freely available) foreign marques in the £4,000-£5,000 price bracket, with commensurate tax saving.

The middle manager will now be able to argue with some justification that since his car is to be regarded as part of his income he should have the freedom of choice, in future, and be able to buy foreign if he so desires; and meanwhile he may well opt to purchase his current car from his company and use it on their behalf, thus drawing reimbursement at a higher rate per mile than he would otherwise *enjoy.*

It appears the cumulative effect will be to make it more and more difficult for companies to enforce "Drive British" edicts, and once members of the more senior echelons are noted behind the steering wheels of foreign cars there will be no holding the sales forces and other fleet users from determining to follow suit.

If it is Government policy to lift the import figure from 35 per cent. to 55 per cent. then it is going the right way about it. If, as one would hope, the reverse is the case, then they should consider very carefully the implications of what they are doing before they do it.

Alan Harold.

82, Riverside Drive, Solihull, W. Midlands.

Taxmen are efficient

From Mr. S. Penwill.

Sir,—Mr. R. V. Merrick (May 13) is apparently under the impression that the private use of company cars provided as a so called fringe benefit has not previously been taxed.

He may be relieved to know that inspectors of taxes have in fact done their duty in the past in as much as the use of the vehicle and any costs met by the company has been assessed on *the employee,* who has had relief for business use (which by tax law does not include home to office travel) where such use has been proved to the satisfaction of the inspector.

What the Chancellor is now proposing is that the measure of benefit be changed from cost of vehicle to capacity of engine and that no relief whatsoever be given to the individual for genuine business use. This is plainly inequitable for there are many representatives earning over £5,000 per annum who travel hundreds of miles a week purely for business purposes and will now presumably have to pay for the cost of such travel out of their net income.

Unfortunately our Government spokesmen and legislators tend to give the impression that inspectors of taxes have in the past failed to carry out their duties, whereas they are probably the hardest working and most efficient section of the civil service.

S. W. Penwill.

138, Fenchurch Street, E.C.3.

Planning higher education

From the Senior Careers Adviser, Furness College, University of Lancaster.

Sir,—I hope your readers will see me as unbiased if I draw attention to two major difficulties connected with the manpower planning approach to higher education.

Getting a degree requires considerable personal commitment by the student, a commitment which comes easily to the student who is interested in his subject but presents a great problem to those whose interest is merely superficial. If you force a student who is interested in sociology to transfer to an engineering course, it is highly unlikely that he will be a successful student. This explains why universities reacted with almost universal hostility to Lord Crowther Hunt. It was not a jealous attempt to prevent outsiders interfering in our bailiwick. We know that central control of higher education will not work.

If you look at the statistics of graduate employment and use them as a basis for an arithmetic reallocation of graduates between subjects, you are forced to the conclusion that the need for reallocation is not as great as it might seem. I estimate that 5,000 students per year might reasonably transfer from arts and social studies courses into subjects such as engineering, physical sciences, accountancy and business studies, but this is less than 10 per cent. of the total. On any analysis, the country will still need several thousand graduates per year in arts and social studies.

Lord Crowther Hunt has proposed more recently that students in favoured subjects should receive higher maintenance awards. The use of persuasion rather than coercion is certainly an improvement, but there is a problem even here. If we accept that several thousand students per year are doing their patriotic duty by reading arts and social studies, it is unfair (and therefore politically unacceptable) to penalise them.

I do not see why a decision to pay for a student's education should not be treated in the same way as any other investment decision. Every student who applies to his county council for a maintenance award should be required to submit 500 words on the subject "How the taxpayer will benefit by paying for my education." Councils could afford to assess these essays generously, since *the effort of writing them would* produce a great change in some students' outlook.

W. W. Sweet.

Careers Advisory Service, Furness College, *Bailrigg, Lancaster.*

The appeal of industry

From Mr. A. Lehmann.

Sir,—The article on "Educating the Wealth Creators" (May 12) is challenging and timely.

As an industrialist who is *also* an academic, I believe that the general "mis-match" argument can be overplayed, but that points of substance in it can usefully be identified and acted upon. I also believe that Universities are not (in this country) the place where direct action should be attempted to enhance the appeal of industry to young men and women facing a choice of career.

Industry should be thinking more about the secondary education sector. It is there that academic and other dreams are hatched. Young people frequently choose degree courses because of a favourite school "subject," or *in* pursuit of dreams of personal service or magical power (sometimes wide of the mark). In each case, the choice may be premature; but the *ground-work* has been laid while they are in secondary school.

Lord Robbins reminded us in a recent House of Lords debate that the Scottish University system helps to discourage premature choices. It is not really practical to talk of unscrambling overnight the teaching structures of Universities and Polytechnics in the rest of the Kingdom. If however the old University entry requirement of Maths or a Science "subject" were reinstated and rather firmly emphasised, and applied also to Polytechnics, this would be a first step in the right direction. Moreover, in face of the various arguments against such a measure, surely there is one crushing reply: namely, that it is not morally defensible nowadays to connive at young people neglecting so vital a part of their general preparation for the modern world.

A. G. Lehmann.

The Industrial Council for Educational and Training Technology Ltd.
Leicester House, 8, Leicester Street, W.C.2.

The wealth creators

From the President Institution of Mechanical Engineers.

Sir,—The article by Michael Dixon (May 12), highlights a problem of great concern for the future of British industry. There are two aspects not covered in the article on which I would like to comment.

The first concerns the supporting staff for our professional *engineers, particularly in the* design offices. We have turned our great central technical colleges, which used to produce all our good technicians and technician engineers, into universities. By so doing we have created a great fulf between the graduate engineer and the technician, whereas previously there was a continuum. In many cases we now have to employ the poorer graduates to do the jobs which should be done by technicians—for which they are neither trained nor suitably motivated.

My second point goes right back to the school and examination curricula. Various initiatives now being mounted to persuade sixth formers to come into industry are admirable but as far as engineering is concerned are often too late. Boys and girls have to make their selection of subjects for GCE "O" level before they have any idea as to whether they wish to follow any particular career. Should they later decide to pursue a career in industry, their options may *well preclude them from following* on with the appropriate "A" level subjects to embark on a suitable science or engineering degree course. I believe the system should be sufficiently broad and flexible to remove the necessity for a selection of subjects at "O" level which may limit their choice of career later.

Ewen M'Ewen.

The Institution of Mechanical Engineers.
1, Birdcage Walk, S.W.1.

Sloppy use of English

From Mr. P. Nelson-Davenport

Sir,—Mr. Dunkley's article (May 12) on the sloppy use and abuses of the English language on television was most interesting, and quite true—but is he not really contributing to this abuse calling himself "Chris"?

P. Nelson-Davenport.

14, John Spencer Square, Canonbury, N.1.

To-day's Events

GENERAL

Prime Minister speaks at CBI annual dinner, Dorchester Hotel, W.1.

EEC Agriculture Ministers end two-day meeting, Brussels.

Conservative Women's conference, Central Hall, Westminster.

House of Commons Select Committees. Nationalised Industries: Witnesses—Dr. Richard Pryke and Mr. John Dodgson (sub-committee A), 4.00. Violence in the Family: Witnesses—Health visitors' Association. Subject—Violence to Children, 4.00. European Secondary Legislation: Sub-committee B, 3.00.

Industrial Society two-day conference "The Great Debate—Industrial Democracy" opens, Mount Royal Hotel, W.1. Speakers on first day include Mr. Edmund Dell, Secretary of State, Trade, Mr. Geoffrey Whalen, director, personnel, Leyland Cars, Mr. Adrian Cadbury, chairman, Cadbury Schweppes, and Mr. Olle Hammarstrom, Industrial Democracy Department, Ministry of Labour, Sweden.

Goodman Lecture: Lord Justice Scarman speaks on "Law and Power," Royal Society, S.W.1.

Ross McWhirter Tribute: "The Need for Freedom," by Lord de L'Isle, VC. St. Lawrence Jewry, next Guildhall, E.C.2, 1.15 p.m.

Amalgamated Union of Engineering Workers' national committee meeting, Scarborough.

Inland Revenue Staff Federation conference, Scarborough.

Society of Civil Servants conference, Folkestone.

Patternmakers' conference, Bournemouth.

Police Federation conference, Eastbourne.

PARLIAMENTARY BUSINESS

House of Commons: Debate on sale of council and New Town houses to tenants. Opposed private business.

House of Lords: Atomic Energy Authority (Special Constables) Bill, second reading. Debate on permanent site for European Parliament.

COMPANY RESULTS

Debenhams (full year). Duport (full year). Furness, Withy and Co. (full year). William Mallinson and Denny Mott (full year).

COMPANY MEETINGS

Associated Biscuit, Great Western Royal Hotel, W., 12.30. BICC, 21, Bloomsbury Street, W.C., 12. Croydex, Andover Hants, 12. Jardine Japan Investment Trust, 3, Lombard Street, E.C., 12. Macfarlane Group (Clansman), Glasgow, 12. Morgan Grenfell, 23, Great Winchester Street, E.C., 12. National Provident, 48, Gracechurch Street, E.C., 12.15. Wilmot Breeden, Birmingham, 12. Zenith Carburetter, Stanmore, Middlesex, 12.

COMPANY NEWS + COMMENT

Concentric forecasts upsurge to £1.7m.

FIRST HALF pre-tax profit of Concentric has doubled to £903,000, and the directors indicate an increase from £1.27m. to around £1.7m. for the full year to September 30, 1976.

They point out that it would be unreasonable to expect the second half to produce figures as good as the first, if only because most of the holidays at the plants, and at those of customers, occur between April and September and there will be 10 per cent. fewer working days.

But they should be comparable with those for the same period in 1975.

	26 weeks 1976 £000	1975 £000	Year 1974-75 £000
External sales	11,964	10,429	20,672
Depreciation	490	185	385
Trading profit	931	477	1,315
Loan stock interest	26	26	51
Profit	905	451	1,265
Tax	471	224	664
Net profit	434	227	601

Excluding Levity Plastics now sold. * Adjusted to exclude share of profits of former associated Australian company.

In respect of year 1974-75 extraordinary items of £59,108 net were deducted from figures shown.

The three major divisions all contributed to the improved figures although the market for domestic gas controls is still very depressed and customers in the automotive field had "their full share of troubles," the directors state.

The better profits came from greater flexibility and increased efficiency. Export sales amounted to £998,000 (£682,000).

Proceeds of the March rights issue of approximately £1.05m. enabled the company to redeem the outstanding £481,036 of 10½ per cent. Loan stock at par and the balance has been used to strengthen liquid resources.

Also since the end of the half year, Levity Plastics was sold at a figure which added a further £173,000 to cash resources and increased reserves by £80,000.

An unchanged interim dividend of 0.7p net per 10p share has already been declared and a final of 1.443p (1.0875p) on increased capital has been intimated.

● comment

On the face of it, Concentric's forecast of a 30 per cent. rise in full-year profits after more than doubled profits in the first half looks very conservative — even allowing for holidays. But while the projection must be a minimum, it takes into account not only a large recovery factor in the latest interim figures but also a favourable distortion in profits during the last six months of 1974-75 due to delayed sales of goods in stock. Nevertheless the efficiency drive, which has increased margins to 7.6 per cent. against last year's average 6 per cent., promises more profits consistency in future after the major ups and downs registered every year since 1971. Demand from the motor industry is holding up and it is hoped that 1977 will see benefits from the new export marketing arrangements and from a recovery in consumer demand for gas appliances. Meanwhile, net cash after the rights issue is currently around £300,000. The prospective yield on the shares at 33½p is 10 per cent. and on average capital adjusted for the rights issue the p/e is 6.8 and the cover 2.2 times.

HIGHLIGHTS

British Leyland has reported an interim profit, thanks largely to the favourable effects of devaluation. Lex also comments on the successful interim trading of stockjobbers **Akroyd and Smithers** and the full 1975 figures from **French Kier Holdings** which show a turnaround from losses. There is a note, too, on the £25m. **City of Birmingham** stock—this is the first local authority to test the new issue market since GLC's £100m. flop in March—and on **Lonrho's** latest take-over. Elsewhere, there is comment on the interim results of **Concentric** and on the preliminary results of **Fidelity Radio**, **Viners**, and **Streeters of Godalming**.

Streeters recovers to £0.42m.

A TURNROUND from a loss of £439,000 to a pre-tax profit of £420,000 is reported by public works contractors, Streeters of Godalming for 1975, after £00,000 profit, against a deficit of £483,000, for the first half.

And the directors expect the current year results to exceed the record £498,000 achieved in 1973.

Stated earnings per 10p share for 1975 were 4.62p (loss 5.4p), and the dividend is raised from 0.5p to 2.06723p, the maximum permitted, with a final of 1.56723p. An interim for 1976 will be considered in November.

	1975 £000	1974 £000
Turnover	10,377	6,366
Profit before tax	420	*439
Taxation	230	†206
Minority profit	4	—
Extra-ord. credits	—	4
Net balance	186	*229
Dividends	95	21
Forward	380	281

* Loss. † Credit.

The profit was achieved solely by the U.K. activities, the directors state. Results of overseas trading will first be reflected in the 1976 accounts.

Further U.K. contracts have been awarded in recent months whose value exceed £7m. ensuring that, with contacts already in hand, the group will have a sufficient workload for 1976 and already some way into 1977.

Operations in Saudi Arabia have commenced profitably and are now building up to maximum effort.

● comment

Streeters's recovery trend continued throughout 1975 on the back of increased work from the recently reconstructed water authorities. Local authority contracts, the group's main source of work, fell off sharply at the end of 1973 but since the formation, in 1974, of the new style water authorities there has been a marked revival of activity in Streeters's specialist area, sewage control. The rate of intake of new contracts has slowed down slightly in the last few months but the current work load is strong and, with the first contribution expected this year from two large Saudi Arabian contracts, 1976 should see a further improvement in profits. But with the shares at 60p, yielding 5.5 per cent., on a p/e of 12.6 compared with sector averages of 5 per cent. and 9½, this prospect is already well discounted.

Viners up to peak £0.8m.

DESPITE continuing pressure on margins in the U.K., taxable profits of the Viners group manufacturers and factors of cutlery and holloware were again at record levels in 1975, rising from £750,868 previously to £804,665.

The result is better than expected when the half-year figures (profits up from £217,000 to £230,000) were announced. It was then indicated that the stock positions, rising costs, and a general falling-off in trade after the end of the period, would affect the year's results.

The directors now report that the current year has started "reasonably well" and they look forward to a satisfactory outcome. Turnover and order intake to date are ahead, with exports and trading of overseas subsidiaries playing the major part.

	1975 £	1974 £
Group turnover	8,005,573	7,127,207
Profit	804,665	750,866
Tax	440,764	379,492
Net profit	363,901	371,358
Minority	10,885	5,253
Attributable	353,013	366,131
Pref. dividend	9,070	9,630
Ord. interim	26,270	15,892
Final proposed	33,064	31,877

Earnings per 10p Ordinary share for 1975 are shown at 7.17p against 7.44p reflecting a heavier tax charge. The net dividend total is lifted from 1.0598p to 1.1328p with a final of 0.7305p.

● comment

Pressures on consumer spending saw demand for cutlery and household goods weaken last year and Viners' sales volume saw little growth, though in value terms the increase was 27 per cent. and pre-tax profits rose by 7 per cent. For this year the group is indicating a revival in overseas sales (34 per cent. of turnover in 1974) and with a continued, if undramatic, improvement in U.K. profits, Viners is looking for another year of profits growth. However, the group remains fairly heavily geared—62 per cent. at December 1974—and any pick-up in U.K. demand could well result in working capital pressures which may indicate the need for a rights issue. But in the meantime the shares are fairly rated at 26p, where the yield of 7 per cent. is covered over six times and the p/e is 3½.

Fidelity Radio pays maximum

PRE-TAX profits of Fidelity Radio declined by £144,000 to £1,315,000 for the year to March 31, 1976, after being down by £93,000 at halfway.

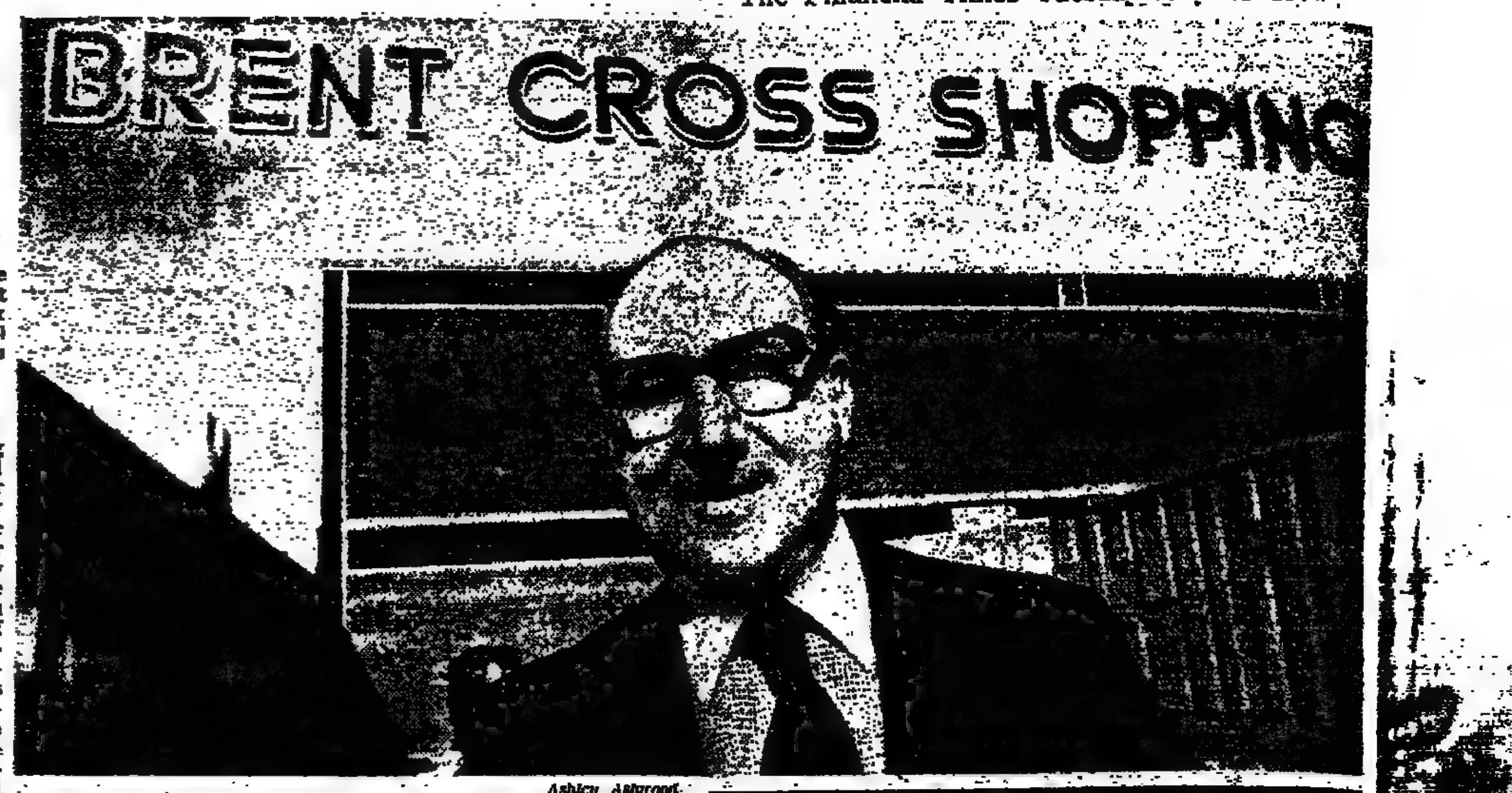
Turnover was £13.09m. against £13.28m. The directors say the reduction in trading was the direct result of a combination of the higher rate of VAT and the inability of suppliers to satisfy requirements of materials at the height of the season. The company makes stereo units, radios, record players, tape recorders etc.

Stated earnings per 10p share for the year, before extraordinary items, were 7.49p against 8.38p. A final dividend of 3.168p makes a net total of 4.221p compared with 3.936p, equal to a maximum permitted gross 64.94 per cent., against 59.05 per cent.

	1975-76 £000	1974-75 £000
Turnover	13,091	13,275
Profit	1,315	1,459
Tax	681	786
Net profit	634	673
Extra-ord. credit	—	663
Balance	634	1,336
Dividends	357	322
Retained	277	1,014

● comment

Starting the second half with a substantially higher order book, Fidelity Radio was expected to at least make up the shortfall seen at the half way stage. But a severe shortage of components, in particular record changers, left the company well short of production targets, and profits for the year were some 10 per cent. lower. Had sufficient components been available, Fidelity could well have added another 15 per cent. to sales and probably more to profits. However, demand within the industry is now less buoyant despite the reduction in VAT, suggesting a certain amount of de-stocking by the retailers, and it is noticeable that stocks at Fidelity are 33 per cent. higher at the year-end. But Fidelity has a strong order position, bolstered by new products, and with components now coming through more regularly the company is better placed than a year ago. At 63p the shares yield 10½ per cent. (covered 1.75 times) which is in line with the audio retail specialist, Audiotronic.



Ashley Ashwood

Mr. Sydney Mason, chairman of Hammerson Property and Investment Trust, pictured outside Brent Cross Shopping Centre, a Hammerson development. The company's annual report is published to-day.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Akroyd and Smithers int.	3	July 8	3	—	15(a)
Cakebread Robey	1.1	July 20	0.8	1.3	1.08
East & West Tst. 2nd int.	0.77	July 7	0.62	1.15	1.0
Fidelity Radio	3.17	—	2.97	4.22	3.86
Kampong Lanjut Tin	20(c)	June 22	20	—	95
Sphere Trust	1.28	June 25	1.1	2.3	2.04
Stag Line int.	3.5	—(b)	3.5	—	9.42
Streeters	1.57	July 2	0.5	2.07	0.5
Viners	0.73	July 19	0.66	1.13	1.06

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Included 2½p centenary bonus. (b) Early June. (c) Malaysian cents throughout. Gross.

AMC first quarter setback

DESPITE some improvement in metal prices trading activities are still affected by the general lack of industrial confidence, and results of Amalgamated Metal Corporation, for the first quarter of 1976, reflect continued pressure on margins with pre-tax profits down from £1.86m. to £1.07m. Profit for the last full year totalled £5.7m.

Earnings per £1 share are shown at 2.8p compared with 10.5p before extraordinary credits and at 26p against 6.7p after such items.

	3 months 1976 £000	3 months *1975 £000	year 1975 £000
Turnover	194,000	149,000	731,000
Pre-tax profit	1,066	1,860	5,700
Tax	633	1,000	2,601
Minority profit	128	170	632
Extraord. credits	1,461	†240	1,386
Available	1,066	450	3,813

* Restated to reflect merger with Consolidated Tin Smelters effective July 25, 1975.

The comparative figures for the 1975 first quarter include investment income which this year was not received until early May; receipt in the first quarter would have increased group profit before tax to £1.65m. and profit before extraordinary items to £0.7m.

It was announced in March that agreement had been reached, subject to contract and to obtaining all necessary Government and other consents, for sale of the group's 100 per cent. interest in Sandilands Buttery and Co. Trading results of Sandilands are included in the 1976 first quarter figures while the sale will be reflected in the accounts when finalised.

Extraordinary credits of £1.46m. (debits £0.24m.) include exchange gains amounting to £1.1m. on assets held abroad. Also included is a net surplus arising from profits on disposals of investments less a provision against the value of subsidiaries.

F. Shaw order book contracts

THE REVISED forecast of Francis Shaw and Co. for 1976 indicates a lower level of profits than for 1975, but there should be sufficient to maintain the dividend, says the chairman, Mr. C. B. Drover.

As reported on April 28 group pre-tax profit increased from £303,750 to £421,896 in 1975, and the dividend is 2.143p (1.95p) net. Exports advanced from £5.02m. to £9.36m.

The company held its own, but over the last six months orders have fallen off. The order book has dropped back to £6m.

There is little sign that the awaited upturn in machinery buying will come before the year end in spite of the considerable number of inquiries and quotations handled for longer term projects for overseas buyers.

The directors feel that the action taken to reduce the size and extent of operations in the continuing recession will greatly assist in meeting the fall in turnover in the current year, and will leave the company "better placed" to take advantage of the upturn in world trade expected in 1977.

Funds increased by £379,298 (decrease £739,351). Meeting, Manchester June 7 at 2.30 p.m.

Sphere lifts total to 2.3p

STATED EARNINGS per 25p share of Sphere Investment Trust increased from 2.29p to 2.39p in the year to March 31, 1976, and the dividend is stepped up from 2.04p to 2.3p net, with a final of 1.28p.

Income, including imputation credit, advanced from £1,369,398 to £1,390,290, and net revenue improved to £811,407, against £719,907, after all charges including tax of £517,903 (£405,851).

Net asset value per share is shown at 124.7p compared with 89.4p.

The net asset value is after deducting prior charges at par, and includes the full investment currency premium of 18.1p (17.2p).

In the even of a sale the asset value would have been reduced by the loss of currency of 4.5p (3.9p) and a liability for tax on capital gains estimated at 9.4p (8.9p).

Laporte sees big recovery

SO FAR this year the performance of Laporte Industries (Holdings) is "certainly encouraging," says the chairman Mr. R. M. Ringwald.

Given a continuation of this trend the group will in 1976 achieve "a far better performance" than in the previous year, when its profits were more than halved to £4.28m.

Mr. Ringwald says Laporte is well placed to take advantage of future increases in demand for its products. The action taken during the early part of the recession will stand it in good stead as the economic environment improves.

As reported on May 5, group turnover for 1975 was £82.08m. (£82.58m.), profit before tax came out at £4.28m. (£9.55m.), and the dividend is 3.6p (4.959p). A split of sales and the £2.36m. (£6.84m.) trading profit shows: U.K. operations £54.6m. (£54.78m.) and £2.03m. (£5.46m.), Australian group including Hong Kong £7.49m. (£7.8m.) and £326,000 (£1.38m.).

On a CPP basis the profit before tax becomes £2.2m. (£8.9m.) and earnings are 0.6p (7.1p) against 6.6p (12.1p) stated. The directors point out that adjustments for consumption of stocks and for depreciation on a CCA basis would not be significantly different from the adjustment arising from the use of the CPP method.

Meeting, Winchester House, E.C., June 10 at noon.

News Intl. outlook

IN HIS annual statement as chairman of News International, Mr. Rupert Murdoch says advertising revenue for both the Sun and News of the World was ahead considerably in 1975, but volume declined slightly in the Sun. Early indications for the current year show a strong position for both.

The Sun continued its steady progress but sales of the News of the World continued to decline, as did all Sunday papers.

In Australia the economy is now picking up and Mr. Murdoch hopes that Downland Publications will resume progress in 1976. Results from the U.S. operations again included a loss but at a much lower level than previously.

Travel operations should continue to improve, but the 1976 forecasts of imported newsprint tonnages to be handled show no overall improvement on last year and, therefore, until the economy improves a further difficult trading period must be anticipated.

As reported on March 25, group sales for 1975 reached £117.82m. (£96.84m.) and profit before tax came to £13.46m. (£6.54m.). The dividend is 7.4p (6.875p) net.

A split of the profit shows: U.K. printing and publishing £9.98m. (£3.61m.); Australian printing and publishing £1.72m. (£1.58m.); manufacture and sale of paper £1.77m. (£1.80m.); engineering £60,000 (£50,000); warehousing and transport £74,000 (£309,000); miscellaneous £90,000 (£67,000); associates £725,000 (£109,000); less net debenture and bank interest £908,000 (£1.06m.).

Meeting, Stationers' Hall, Ludgate Hill, EC, June 11 at noon.

French Kier cuts loss by £1m.

THE SMALL trading profit foreshadowed for 1975 by the French Kier Holdings group turns out to be £494,000, compared with a loss of £10.62m. in the previous year before deducting the £8.5m. ex gratia grants from the Department of The Environment.

After writing £2.39m., against £1.82m., off development land, the loss before tax is reduced from £2.93m. to £1.80m.

On prospects, chairman Mr. J. C. Mott says it is unwise to comment on the group's position before the end of the year, but a modest return to profit is forecast for 1976.

After tax credit, minorities, provision for diminution in value of certain properties held as fixed assets, and extraordinary items, the net loss in 1975 was £2.66m. (£15,000). The deficit per 25p share came out at 3.8p (1.1p) and the dividend is held at 0.05p net.

	1975 £000	1974 £000
Turnover	180,800	135,400
Trading profit	§494	*10,616
Contracting, etc.	4	*10,377
Development & prop. investment loss	*3,620	3,234
Kier Group	3,108	2,395
Government Grants	—	8,500
Off development land	2,389	1,819
Loss before tax	1,895	2,935
Tax credit	319	2,472
Minority profit	328	74
Provision	†764	—
Extraordinary debits	†72	4322
Net loss	2,657	15
Dividends	34	33
Credit forward	1,784	4,443

* Loss. † For diminution in value of certain properties held as fixed assets. ‡ Credits. § Including interest, dividend and rents £1.61m. (£1.02m.), and after depreciation £1.94m. (£3.44m.), interest payable £3.88m. (£4.79m.). ¶ Currency realignment loss £25,000 (surplus £10,000); surplus on property and investment sales £205,000 (£333,000); investment in associate written off £255,000 (provision against loan to trustees of French Kier Holdings share purchase scheme £43,000).

Mr. Mott says a start has been made in looking at the future shape of the whole organisation so that it may be tailored to suit the opportunities available. The overseas construction activities were re-organised during 1975; a policy committee has been formed charged with the responsibility of recommending upon the future organisation of the U.K. construction activities.

Within the French Group development and property investment companies, the reduction in external borrowings achieved and anticipated should begin to permit a more creative development of assets. Major changes were made to organisational structure during 1975.

The group's external borrowings reached a £30m. peak in the early months of 1975. Since then a progressive reduction of some £13.5m. has been achieved.

In the U.K., work will be available, but increasingly the company will have to look overseas. The majority of the fixed price contracts were completed in 1975 or early 1976.

The chairman believes that the French Group construction activities will return to overall profitability in 1976, and the Kier Group should maintain its profitable contributions at the level achieved in 1975.

The French Group development and property investment companies will, however, still trade in aggregate at a loss in 1976, although some companies may return to profitability.

Turnover this year is likely to be between £110m. and £120m. Of this about £70m. will come from Kier Group, with a further £40m. from the French construction. The overseas order book is currently standing at between £50m. and £60m. representing an increase of about 120 per cent. over this time last year.

Statement Page 28
See Lex

ISSUE NEWS

Birmingham £25m. stock at 99%

The prospectus is published to-day in connection with the issue by the City of Birmingham of £25m. of 13 per cent. Redeemable Stock 1983 at £99 per cent.

The issue is payable as to £1 per cent. on application, with £4 of the balance due on June 1 and £48 due on August 12. Applications must be for a minimum of £100 of Stock or in multiples of £100 up to £2,000. Applications for between £2,000 and £5,000 must be in multiples of £500; applications between £5,000 and £20,000 in multiples of £1,000, and applications in excess of £20,000 in multiples of £5,000.

Interest will be payable half yearly on May 1 and November 1 with the first payment of £2.98 per cent. (less tax) due next November. The stock will be redeemed at par on May 1, 1983.

Prospectus Page 30
See Lex

GREENE KING—96%

Greene, King's rights issue to raise £1.75m. by way of 1-for-5 at 108p has been taken up as to 96.15 per cent. The remaining 66,064 shares have been sold in the market and the surplus net proceeds, 41.332p per ordinary share, will be distributed to non-accepting holders on June 4.

WHEELOCK MARDEN

Wheelock Marden has completed underwriting formalities with Wardley in respect of the company's rights issue and an underwriting agreement has been signed.

The formal document and provisional allotment letters will be posted on May 20 to holders registered on April 27. It is anticipated that dealings in nil paid form will commence on May 21.

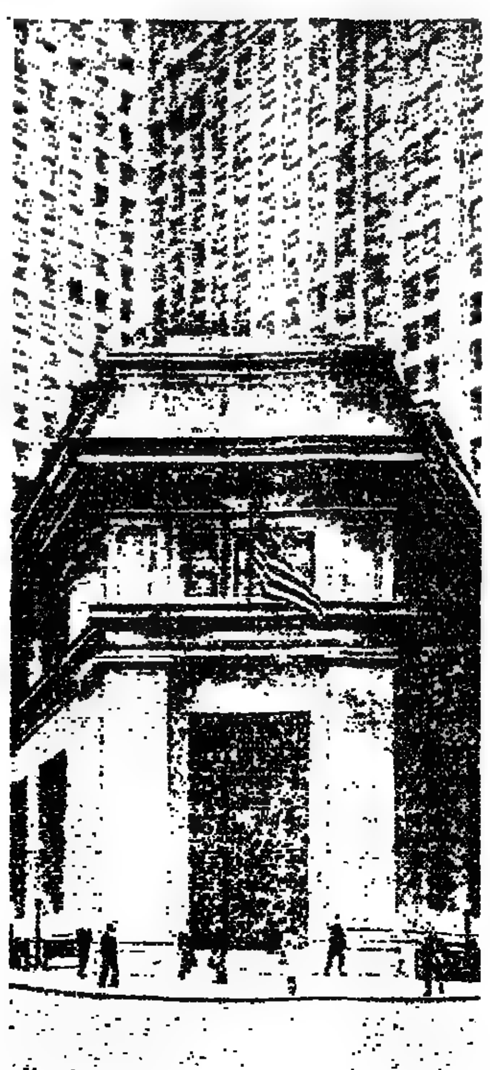
Some of Morgan's European-based Financial Services officers at a meeting in Paris. From left, Keith McDermott, Frank Beelitz, Michael Allen, Lucile de Baudry d'Asson, Bryden Wallace, Richard Crichton, Guido Cefalu.

For specialised advice on complex financial needs, consider Morgan Guaranty

Corporations frequently need specialised financial advice to meet management objectives related to growth. Morgan Guaranty's Financial Services Department provides such advice in mergers and acquisitions, in equity financing, and in long-term non-bank debt financing.

Financial Services advises corporations, both domestic and foreign, that wish to acquire, sell, or merge all or part of a business, or to set up some form of joint venture. Our experts assist throughout negotiations—from initial inquiry to closing—handling all the evaluation and financial structuring phases of a proposed transaction, including management of tender and exchange offers where appropriate.

In consulting with corporations around the world on the best ways to secure long-term borrowings, our specialists advise on financing for a specific project, or for a more general long-term need. After analysing a company's capital requirements, they help determine the appropriate amount of financing and the optimum type and structure of each deal. Because of Morgan's worldwide activity, they are in a position to know the best sources of long-term institutional funds at any given time.



In every assignment Morgan's Financial Services people are transaction-oriented. Their role is to provide focused advice for a particular problem. A company need not be a Morgan banking client to use their services. Compensation is by fee, set in advance and paid on successful completion of the transaction.

Financial Services, with headquarters in New York, has specialists based in Paris, London, Frankfurt, the Middle East, Japan, and Brazil. For more information on how their advice might help you, contact a Financial Services officer through any Morgan Guaranty office around the world.

Morgan Guaranty Trust Company, 23 Wall Street, New York, N. Y. 10015: In London: 33 Lombard Street, E.C. 3; 31 Berkeley Square, W.1 • Other Banking Offices: Paris, Brussels, Antwerp, Amsterdam (Bank Morgan Labouchere), Frankfurt, Düsseldorf, Munich, Zurich, Milan and Rome (Banca Morgan Vonwiller), Tokyo, Singapore, Nassau • Representative Offices: Madrid, Beirut, Sydney, Hong Kong, Manila, São Paulo, Caracas • International Banking Subsidiaries: San Francisco, Houston • Incorporated with limited liability in the U.S.A.

Morgan Guaranty - the corporate bank

Averys order input at higher levels

WEIGHING MACHINE manufacturers, etc., Averys, entered 1976 with a strong order book. Order input is now running at a higher level than a year ago, and, providing there are no major changes in economic policy, chairman Mr. R. C. Hale expects this trend to continue throughout the year.

He believes that demand for the company's products and services *will be sufficient to provide a* "good foundation for further progress in 1976."

On metrication, Mr. Hale says that in respect of the U.K. there is little to add to comments made in previous years. The 10-year period originally envisaged for the change to metric has passed with that objective only partially accomplished.

In the international division, steady progress with industrial metrication has been made by Nigeria, Singapore, Malaysia and Pakistan. Metrication in the retail sector in Australia and New Zealand continues and completion is now expected by the end of 1978.

As reported on May 5, pre-tax profit for 1975 advanced from £8.13m. to £9.61m. on turnover ahead from £52.17m. to £62.02m. Tax took £5.22m. (£4.43m.). The dividend per 25p share is lifted from 4.3426p to 4.7266p net.

A geographical analysis (in percentages) of turnover and trading profit shows: U.K. 66.6 (68.5) and 63.9 (69.9); Africa 11.5 (10.60) and 9.4 (8.6); Australasia 13.5 (13.3) and 12.8 (12.1); Asia 8.4 (7.6) and 13.9 (9.4).

The recession in the U.K. had a substantial impact upon sales of *the general products division* but this was offset by the continued increase in domestic sales of weighing and testing machines. Most of the *increase in turnover*, however, was again achieved by substantially increasing deliveries to export markets, the chairman says.

A "broad brush" CCA exercise shows that after making adjustments to the cost of sales, depreciation charges and taxation, the group profit after tax would have been reduced to some £2.8m. which would have been sufficient to cover the dividends payable to shareholders and plough back approximately £500,000 to reserves.

Capital expenditure for subsidiaries only authorised but not contracted for in 1975 totalled £1.38m. (£1.17m.) and contracted for but not provided for in the *accounts £333,000 (£764,000)*.

A statement of source and application of funds discloses a net decrease of £0.94m. (£0.67m.) in liquid funds. Meeting, Warley, West Midlands, June 8 at 12.15 p.m.

Chairman's Statement Page 30

WINDING-UP ORDERS

Orders have been made by Mr. Justice Templeman in the High Court for the compulsory winding up of 32 companies.

MINING NEWS

Rustenburg holding companies to merge

BY MALCOLM DUMPHREYS

MERGER DISCUSSIONS are being held between the three holding companies of the world's largest platinum producer, South Africa's Rustenburg Platinum.

Dealings were suspended in both Johannesburg and London yesterday in the holding companies' shares, namely Union Platinum (162p), which has a 37.29 per cent. stake in Rustenburg, Potgietersrust Platinums (188p), which holds 32.92 per cent. and Waterval (171p) which has a 29.79 per cent. interest. Dealings were *also* halted *in* Lydenburg Platinum (120p) which has a 29.59 per cent. stake in Waterval.

The merger appears to be essentially a tidying-up operation and as such makes good sense, there being no need for three separate companies to do a job which could more easily and cheaply be done by one.

The move could rekindle speculation as to whether one of the major mining finance houses will try to gain control of the Rustenburg mine, especially now that the outlook for the metal has brightened.

Rustenburg last month stated that it was increasing platinum production to 900,000 ozs a year and recently the chairman, Sir Albert Robinson, said that worldwide stocks of the metal are low and that he was worried that producers would have difficulty in meeting demand should there be a marked upturn in the world economy.

Currently, Johannesburg Consolidated holds 43.3 per cent. of Potgietersrust, 15.4 per cent. of Union Platinum and 5 per cent. of Waterval. Consolidated Gold Fields has 44.85 per cent. of Waterval. General Mining holds 26.6 per cent. of Lydenburg and some 4 per cent. of Union Platinum. Anglo American has just over 8 per cent. of Union Platinum, some 5 per cent. of Waterval and around 2.4 per cent. of Lydenburg. Transvaal Consolidated Land has a 17.16 per cent. interest in Union Platinum.

DAGGAFONTEIN SUSPENDED

The shares of the closed-down Daggafontein gold mine were suspended yesterday at 6p at the company's request pending their formal delisting, the action taken in the light of the directors' intention to de-register the company before the end of this year. There is little likelihood of any distribution being made to holders.

Of the two remaining problems before the shares could be de-degistered, it is hoped that a further expenditure of R130,000 (£81,700) will obtain Government clearance in relation to anti-*pollution requirements while an* auction of the company's property will take place in June as all efforts to sell at a reasonable price have failed.

The company's rights to the slimes dams overlying portions of the freehold property terminated following relinquishment of the mining lease.

FORRESTANIA DRILL RESULTS

Further drilling news from the potentially exciting Forrestania nickel area in Western Australia comes from Endeavour Oil which has a 15 per cent. interest in the Digger Rocks and Cosmic Boy prospects with America's Amax having the remaining 75 per cent.

In the "Fireball" prospect which lies about 1½ miles to the north of the Digger Rocks orebody, drill hole FBD No. 13 intersected 7.7 per cent. nickel over 5 feet from 662 feet to 667 feet and 3.3 per cent. nickel over 3 feet from 668 feet to 671 feet.

Holes drilled 400 feet to the north and south of FBD No. 13 failed to intersect significant nickel values, however, and no further drilling is thought warranted at the moment. Endeavour were 15p yesterday.

ROUND-UP

Deep sinking of the rock ventilation shaft system at the Anglo American group's new Elandsrand gold mine in the Far Western Rand started on May 11. The shaft will be sunk to 7,160 feet and later a sub-vertical shaft will *be sunk to give the system a total* depth of 11,350 feet. The mine is scheduled to reach production in 1981 at a cost of R127m. (£79.8m.).

* * *

White union workers, excluding trainees, employed on South Africa's coal mines are to receive increases ranging between R36 and R48 (£22.6 to £30) from the May pay month. The rises are granted on exactly the same basis as those given to white workers on the gold mines at the end of April.

* * *

Consolidated net earnings of Canada's *gold* producing Giant Yellowknife Mines for the first quarter of the current year come out at $21,000 (£11,800) or half a cent per share compared with $183,000 or 4 cents a share for the first three months of 1975. Earnings for the whole of 1975 amounted to $300,000 or 7 cents a si are.

Falconbridge still suffering

A NET LOSS of $791,000 (£444,700) for the first quarter of this year is reported by Canada's Falconbridge Nickel compared with a profit of $2.49m. or 50 cents a share for the corresponding period of 1975 when full year earnings totalled $3.22m. or 65 cents a share.

President Marsh A. Cooper says that the earnings of the integrated nickel operations and those attributable to the company's interest in Alminex were the only contributions to exceed the previous year's figures.

Copper deliveries were 55 per cent. down on the same period of last year owing to a decrease in the copper content of matte refined and subsequent to the strike in the latter half of last year at the company's operations in Sudbury.

Revenues in the latest quarter were also affected by the strength of the Canadian dollar relative o the U.S. dollar and competitive pricing action throughout the nickel industry. Higher costs at Falconbridge Copper were only partially offset by increases of 16 *per cent. in copper production* and 29 per cent. in zinc output.

BIDS AND DEALS

PENTOS-JEAVONS

The official document relating *to the proposed offer by the* industrial holding company Pentos for E. E. Jeavons, contractors and engineers, has been sent out to shareholders. Terms are 50p nominal of 15 per cent. Convertible Unsecured Loan Stock, 1985, *of* Pentos for every Jeavons share—calculated on the price of the loan stock on May 13 this values each Jeavons at 57½p. There is a cash alternative of 55p per share.

Pentos and its subsidiaries already own 295,280 Ordinary (around 9.8 per cent.).

Pro-forma pre-tax profits of the enlarged group, based on previous financial years and after deduction of the interest on the loan stock, are £2,512,000. Net assets attributable to Ordinary holders are £6.4m.

L.K. ACQUISITION

L. K. Industrial Investments has agreed to acquire Nelson Planning which sells a system for planning the layout of cloth in the textile making up trade, for a consideration of £65,000. The business is complementary to that of L. K.'s wholly owned subsidiary Juno Machinery which sells a machine for reproducing patterns to the same industry.

Nelson sales for the seven months to *Dec. 31, 1975* were £47,000 and profits before tax £12,000—net assets at Dec. 31, 1975 amounted to £41,000. Of the consideration, some £25,000 is being financed through a placing of new L. K. 25p Ordinary shares and £40,000 from its own resources.

TOTALISATORS

Ladbroke Group now controls *over 95 per cent. of the issued* Ordinary capital of Totalisators and Greyhound. Its offer for the shares not already owned, has been accepted by over 78 per cent. of holders, owning over 90 per cent. of the shares for which the offer was made. The offer became unconditional on March 31, and remains open. Ladbroke intends to acquire compulsorily any outstanding Ordinary shares.

S.W. AFRICA

The formal documents containing details of the bid by Kiln Products for the capital of The South West Africa Company have been posted to shareholders. For every 100 Swaco shares is offered £175 in cash or 110 Kiln shares.

A. GIBBS—L. SAGE

The recommended offer by Antony Gibbs for the share capi-*tal of Lionel Sage* has received 100 per cent. acceptance and has been declared unconditional.

BOWATER INDONESIA

Shareholders of Indonesia Consolidated have approved the scheme of arrangement for Bowater Investments (Far East) to acquire the IC shares not already owned by the group. The scheme, which is expected to *become effective June 4, 1976,* is subject to Supreme Court sanction.

NO PROBE

On present information, the following mergers will not be referred to the Monopolies and Mergers Commission: Manbre and Garton Ltd—Hugh Baird and Sons, Metal Box—Venesta International Packaging, Chloride Group—*Industrial Instruments, and* EMI—"Accuratool" busines of Dowding and Doll.

BLOPAK

Peerless Stampings, Birmingham based metal and plastic processing group, has acquired a majority shareholding in Blopak, the fast growing plastic injection and blow moulding packaging company. Both companies believe the bringing together of their technical and marketing operations will widen potential growth opportunities and maximise the profitable use of resources.

WIMPEY ASPHALT ACQUISITION

Wimpey Asphalt, a subsidiary of George Wimpey, has completed the acquisition of Alex Robertson and Alex Robertson (Borders), public works contractors and quarrymasters of Dunfermline. The vendor was Brandts of London.

BARROW-BOLANDS

Barrow Milling announces that acceptances of its offer have been received in respect of 139,565 Ordinary shares of Bolands and £4,263 Preference stock.

Allied Irish Nominees on behalf of Barrow, made the following purchases—779,000 shares on April 26 at 30p; 396,619 on May 12 at 40p, and 186,484 on May 13 at 40p.

ASSOCIATES DEALS

O'Donnell and Fitzgerald on May 10 bought 12,250 Bolands at 33p on behalf of an associate of Bolands. On May 11, they bought 2,000 at 33p.

Northern Bank Finance *announces that an associate of* Bolands bought 1,000 Barrow Milling at 73p.

Allied Irish Nominees, on behalf of Barrow Milling, purchased 396,619 Bolands on May 12 at 40p.

Charles Stanley bought, on May 14, 55,000 Maybrook Properties at 45p on behalf of the offerers.

Robert Fleming on May 17 sold for an associate, 12,857 Manbre and Garton at 127½p.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price p	+ or –	Div. Amount	Times Covered	Gross Yield	P/E Ratio
—	F.P.	—	£23¼	£21¾	Berry Pacific Fd. C$5	£23¼	–¼	[illegible]	[illegible]	[illegible]	[illegible]
$10,000	F.P.	—	$10,000	$9,600	Brasilvest S.A.	$9,600	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
—	F.P.	—	£17½	£14½	I.C. Inds.	£16¼	–¼	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price	+ or –
US$100	F.P.	—	$100	$13	Barclays Bk Int. 9¼% Cap. Notes 1985	$100	
‡ 116	F.P.	18/6	122½	116	Bowring (C.T.) 10% Conv. 1987	118	–1
‴£99¾	F.P.	4/6	100	99½	Chester Water 7% Red. Pref. 1981	99½	
‴£99¾	F.P.	11/6	100¼	99½	East Worcs. Water 7% Red. Pref. 1981	99	
US$100	F.P.	—	99¼	99¼	IAC 8¾% Notes 1981	99½	
US$100	Nil	—	$99¼	$99¼	Lloyds Eurofinance Float. Rate 1983	$99¾	
US$100	Nil	—	101	100	Royal Bank of Scotland Floating Rate 1983	$101	
US$100	F.P.	—	100½	100	Sandvik 9¼% Bonds 1986	$100	
‡£100	£50	8/7	74	60	Scot. Met. 4% Conv. 1986	66	
‴£99	F.P.	14/5	99½	99¼	Sutton Dist. Water 7% Pref. 1981	99¼	

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date		1976 High	1976 Low	Stock	Closing Price p	+ or –
380	Nil	—	—	194	130	Aust. & N.Z. Bank	134pm	[illegible]
87	F.P.	30/4	28/5	[illegible]	[illegible]	BICC	130	[illegible]
[illegible]	Nil	28/5	25/6	43	35	Bank of Ireland	43pm	[illegible]
70	Nil	1/6	9/7	35	26	Boddingtons	28pm	[illegible]
13	Nil	28/5	11/6	4½	3¼	Boulton W.	3½pm	[illegible]
65	F.P.	18/5	18/6	82	73	Bowring C.T.	78	–1
20	Nil	19/5	9/6	30	27	Brent Chemicals	29	[illegible]
29	F.P.	18/5	15/4	35½	31	Concentric	31	[illegible]
190	F.P.	9/4	21/5	251	214	De La Rue	248	–1
50	F.P.	5/4	14/5	60½	55	Diploma Invs.	60	[illegible]
50	Nil	19/5	9/6	20	15	Elliott B.	17pm	–1
36	F.P.	7/5	18/6	50	44	Ever Inds.	44	[illegible]
65	F.P.	17/5	11/6	76	69	Garnar Scotblair	69	[illegible]
85	Nil	21/5	18/6	25½	19½	Glynwed	19½pm	–1½
106	F.P.	14/5	11/6	150	131	Greene King	150	
305	Nil	27/5	2/7	115	96	Heath C.E.	108pm	
330	Nil	—	—	49	44	I.C.I.	44pm	
47½	Nil	—	—	18	16	Lesney Products	16pm	
[illegible]	F.P.	3/3	20/7	11½	[illegible]	Laird F.H.	68½	
188	Nil	28/5	9/7	26	20½	Lucas Inds.	20½pm	–1½
105	F.P.	5/5	9/6	116	104	Lyons J.	104	–2
70	F.P.	21/4	19/5	95	[illegible]	Parker Timber	91	
45	Nil	22/4	3/6	61	49½	Rolls-Royce Motors	59	
125	F.P.	4/6	1/6	160	143	[illegible]	144	+1
400	Nil	—	—	82	46	Selection Trust	59pm	+7
10	F.P.	7/5	28/5	15	12½	Southern Construction	12	
38	F.P.	15/4	28/5	54½	47	Stadex Int.	50	+½
94	F.P.	24/2	28/5	114	92½	Steinhardt Hldgs.	107	–1
240	F.P.	5/3	26/5	290	277	Taylor Woodrow	284	+2
46	Nil	—	—	11	1½	Telecentrol	3pm	–½
48	F.P.	17/5	14/4	64	57	Triplex Foundries	58	
87½	F.P.	23/4	8/6	97½	89	Trust Houses Forte	89	–2
130	F.P.	13/5	11/6	165	141	Turner & Newall	144	
$A1.28	Nil	18/6	—	52	38	Western Mining	44pm	–4
6	F.P.	19/4	20/4	16	12	Wigeway Wires	11½	
7	P.Pd	—	—	81	71	Westside-Burmah	65	

Renunciation date usually last day for dealing free of stamp duty. *a* Placing price to public. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part capital, cover based on dividend on full capital. *p**** Pence unless otherwise indicated. *g* Forecast dividend: cover based on previous year's earnings. *u* Figures based on prospectus or other official estimate for 1976. *r* Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ‴ Issued by tender. ‡ Offered to holders of Ordinary shares as a "rights." ♥ 280 S.Afr. cents. ‡ Rights by way of capitalisation. ♯♯ Tender allotment price. ♦ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ♠ Issued to former Preference holders. § Allotment letters (or fully-paid). ? Provisional or partly-paid allotment letters. $ With warrants.

hilip Attenborough (Chairman of Hodder & Stoughton)

"There may be aspects of our business where Midland Bank support isn't vital, but it's hard to think of any"

-Philip Attenborough, Chairman of Hodder & Stoughton.

"Book publishing is many things," says Philip Attenborough, "but most of all it is an act of faith. The process begins with the faith which leads an author to entrust a book to Hodder & Stoughton in the first place. It involves faith on our part, both in the author's work and in our ability to publish it well. Most of all, it involves faith in our judgement of how best to produce, market and sell books."

World markets

"But faith implies risks, and the risks of publishing are multiplied by the number of books we produce and the number of markets in which we deal.

Editorial Department

Computer Area

"From humble beginnings in 1868, Hodder & Stoughton now has about 5,000 different titles in print. And because books are a universal means of communication, we now sell to almost every country in the world.

"Because of faith in our main overseas markets, we have established local companies, representatives and agencies in them. All these are supported by a constant export drive carried out by salesmen flying out from London. My own career has been largely bound up with overseas expansion, and I have personally sold books in 54 different countries.

"Naturally, these operations require sophisticated financial support of many kinds, and that is why the faith of the Midland in us has been so important over the years."

Midland Bank support

"Since Matthew Henry Hodder and Thomas Wilberforce Stoughton founded the business 108 years ago, we have expanded enormously," says Philip Attenborough. "This expansion has called for

Reception Area (London)

some very understanding bank managers over the years, all of whom have occupied the same office of the same Midland branch in London.

"The Midland has always advised us well. It has also been our chief ally in financing our growth into a £10 million company. And it has recently provided essential support for the building of our new computerised warehouse in Dunton Green, Kent. The computer itself is leased from Midland Montagu Leasing, another Midland Bank Group company.

"The bank helps in other ways. It helps with cash-flow problems which are seasonal, largely because of royalty payments to authors. On the export side, we draw and discount bills through the Midland, and they operate valuable ECGD facilities for us. Throughout the year they handle a large volume and variety of overseas transactions and provide us with essential credit information.

"At a more everyday level, most of our staff bank privately with the Midland, and all our salaries and wages are handled by the Midland's computer service."

Future growth

"The paperback market will keep growing," says Philip Attenborough. "So will our overseas markets. Children are reading more books than ever before. And there are important developments in the supplementary technologies of tape, audio-visual cassettes and microfiches.

London Headquarters

Model of new warehouse which has been constructed at Dunton Green, Kent

"We are confident of our future. Books will last forever. I see no prospect of there ever being a better means of sharing human knowledge, experience and ideas.

"But publishing will go on being an act of faith. So our prospects will continue to be closely linked to our relationship with the Midland."

If yours is a complex and developing business, arrange to meet your local Midland Group manager soon. It might make all the difference to your future.

Midland Bank Group

Principal trading companies: Midland Bank Limited, Clydesdale Bank Limited, Clydesdale Bank Finance Corporation Limited, Clydesdale Bank Insurance Services Limited, Scottish Computer Services Limited, Northern Bank Limited, Northern Bank Development Corporation Limited, Northern Bank Executor and Trustee Company Limited, Northern Bank Trust Corporation Limited, Midland Bank Trust Company Limited, Midland Bank Group Unit Trust Managers Limited, Midland Bank Finance Corporation Limited, Forward Trust Limited, Midland Montagu Leasing Limited, Griffin Factors Limited, Midland Bank Trust Corporation (Jersey) Limited, Midland Bank Trust Corporation (Guernsey) Limited, Midland Bank Insurance Services Limited, The Thomas Cook Group Limited, Thomas Cook Limited, Thomas Cook Overseas Limited, Thomas Cook Bankers Limited, Samuel Montagu & Co. Limited (Incorporating Drayton), Drayton Montagu Portfolio Management Limited, Guyerzeller Zurmont Bank AG, Northern Bank Finance Corporation Limited, Midland Montagu Industrial Finance Limited, Jersey International Bank of Commerce Limited, Bland Payne Holdings Limited, Bland Payne Limited, Bland Payne Reinsurance Brokers Limited, Bland Payne (UK) Limited, Southern Marine & Aviation Underwriters Inc., Bland Payne Australia Limited, London American Finance Corporation Limited, British Overseas Engineering & Credit Company Limited, Drake (UK) International Limited, Drake America Corporation, Export Credit Corporation.

COMPANY NEWS

Hammerson Property progressing well

DURING ITS period of adjustment the Hammerson Property and Investment Trust is progressing well, says the chairman Mr. Sydney Mason.

Rental income is increasing substantially and a regular flow of rent reviews can be expected over the next few years.

By the time he reports to shareholders again, Mr. Mason hopes that the group will be emerging from this difficult transitional period, and having completed the development programme and consolidated the financial position, "we can then look forward to somewhat better times with a steady growth based on a first-class and soundly financed investment portfolio."

Mr. Mason says he is still of the opinion that Hammerson's Development programme will be completed by the end of 1976. In the U.K. the only scheme where building works are still in progress is the Burnley Central Area Redevelopment and the *final phase will be finished* by the year-end. The committed programme overseas is also nearing completion.

With the decline in the development activity steps have been taken to minimise and contain the group's administration expenses. These will be kept at reasonable levels within the context of the *adjustment of activities and the* consolidation of the property investment portfolio.

The Brent Cross Shopping Central (opened in March at a cost of some £25m.) is almost fully leased, and there is "keen interest in the remaining units. For some time to come all rental income will have to be applied to the discharge *of the substantial amount of deferred* interest accumulated during the development period. Therefore, it will be some years before any contribution can be made by this development to Hammerson's distributable income.

The overseas developments involve a total capital expenditure *of some £40m., all of which is* fully long-term financed.

At the end of 1975 the directors allocated a portfolio of U.K. investments for disposal during this year. To date the sale of Princes House, E.C. and the Old Square Shopping Centre in Walsall have been completed; a number of other sales have been agreed and are in solicitors hands.

Mr. Mason says there has been a marked improvement in the *U.K. property investment market* recently which is encouraging both in relation to these sales and also to the value of the remaining investments.

Any surplus arising on sales of investment properties will be utilised to accelerate the write-off of deferred development outgoings on other properties.

At end 1975, short-term indebtedness had been reduced from £62.72m. to £58.36m., but the achievement in that field has been masked to some extent by the deterioration in sterling and the impact of this on the conversion rates for overseas currency borrowings, Mr. Mason points out.

The reduction of short-term borrowings, he stresses, remains a primary objective and he expects to see substantial progress in achieving this during 1976.

In 1975, group profit before tax came to £3.38m. (£3.12m.) as reported on May 1 with the maintained 4.52p net dividend. The auditors have passed the accounts *without reservation*.

On April 30, Standard Life Assurance was beneficially interested in 10.82 per cent. of the Ordinary and 29.12 per cent. of the "A" Ordinary capital, Royal London Mutual Insurance in 0.16 per cent. and 11.42 per cent., and Mrs. Sue Hammerson in 10.85 per cent. and 0.13 per cent. *respectively*.

Meeting, 100, Park Lane, W., June 14 at noon.

BOARD MEETINGS

The following companies have notified dates of Board Meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims:— Archimedes Investment Trust, Land Investors, Pentland Investment Trust, Scottish National Trust, Stockholders Investment Trust.

Finals:— Ayrshire Metal Products, Beaver Group, Cater Ryder, Debenhams, Duport, Elswick-Hopper, Foster Bros. Clothing, Furness Withy, Hartwells Group, Investment Trust Corporation, William Mallinson and Denny Mott, William Morrison Supermarkets, Walter Runciman, Seccombe Marshall and Campion, Time Products, Whewas Watson.

FUTURE DATES

Interims:—	
Cambrian and Gen. Securities	May 24
Liner Concrete Machinery	May 27
Lyndale Engineering	May 21
Raeburn Investment Trust	June 18
Stenhouse Holdings	May 25
Trafalgar House Investments	May 20
Finals:—	
Allied Leather Industries	May 28
Castings	May 26
Cocksedge	June 17
Downs Surgical	May 19
Electric and Gen. Investment	June 15
Exchange Telegraph	May 27
Hambros Investment Trust	May 20
Inter-City Investment	May 20
International Paint	May 27
Kennedy (Allan)	May 19
London and Overseas Freighters	June 23
Reed International	May 25
Wettern Bros.	May 28

European Ferries outlook

CARRYINGS for the first four months of 1976 of European Ferries show a "satisfactory increase" over 1975, but everything will depend on how the peak season turns out, says the chairman, Mr. K. D. Wickenden, in his annual statement.

Bookings are holding level with 1975 and this is "encouraging" *since an increase this year in the* number of Continental passengers is expected. Traditionally such passengers do not book in advance to any great extent, the chairman points out.

He stresses, however, that it is too early in the trading year to attempt a precise forecast.

Last month the company obtained control of The Felixstowe Dock and Railway Company, but Mr. Wickenden points out that whether control is retained is "in the hands of the politicians."

As reported on May 11, group pre-tax profit for 1975 was £6.37m. (£4.23m. after £0.99m. exceptional non-recurring items), and the dividend, on increased capital, is 1.81454p net (1.6662).

The serious loss-making areas were eliminated in the previous accounts and no further provisions have been required.

Referring to the policy of bringing into account on an annual basis theoretical future losses on exchange, the directors *have decided not to change the* policy at least for the time being. Hopefully the value of the pound cannot decline much further—if sterling does not improve on its present level there will be a further substantial provision in next year's accounts, says the chairman.

Airline activities were terminated in 1975. The *Vanguard* fleet was sold and the Boeings chartered out. Apart from the aircraft all that remained was the company name and a small amount of fixed assets in the nature of vehicles and ground handling equipment. The company containing these remaining assets was sold to an organisation partly owned by one of the airline's former managing directors for £50,000.

Meeting, Chartered Accountants Hall, Moorgate, E.C., June 4 at 11 a.m.

British Leyland £14m. profit

IN THE six months ended March 27, 1976, British Leyland has turned in a profit of £14.2m., compared to a loss of £19.8m. in the corresponding period of last year.

Currency profits are included in the figures. Apart from these, the company reached a break-even *position this half*.

The directors stress, however, that "these financial results represent only the first short step on what will be inevitably a long road to recovery."

Sales value rose by £123m. to £966m., with direct exports accounting to £366m., against £273m.—the latter also reflected higher unit sales.

In the U.K. the company's market share of trucks was virtually unchanged, but its share of the passenger car market declined from 32 per cent. to 27 per cent. because of inadequate production, particularly during October and November.

Despite much-improved production in January and February, stocks were, and are still, too low to meet increasing demand for cars. Nevertheless, the effect of consistent production on profits earned in those two months emphasised the profit potential of uninterrupted production.

Of the £14.2m. profit, £17m. is attributable to truck and bus products, £5m. to non-automotive products, and a loss of £8m. to cars and light commercial vehicles.

	Half year 1976 £m.	1975 £m.
U.K. sales	463	474
Overseas	503	369
Total sales	966	843
Profit	‡28.8	*1.6
Interest payable	14.6	18.2
Profit before tax	14.2	*19.8
Tax charge	8.3	†6.7
Net profit	5.9	*13.1
Minority	0.4	0.3
Extraordinary debits	—	29.1
Balance	5.5	*42.5

* Loss † Credit. ‡ After £29.3m. for depreciation and amortisation (£25.7m.).

Provisions were made in the 1975 accounts for losses arising from the closure of passenger car plants in Spain and Italy. Although agreement has been reached in principle in respect of these closures, details are not yet completed and it is therefore premature to make any adjustment to the extraordinary provisions at this stage.

Statement Page 31
See Lex

Cakebread Robey pays more

ON A TURNOVER up from £6.27m. to £8.17m., group pre-tax profit of Cakebread Robey and Co. increased from £414,885 to £433,069 in 1975, after deducting £39,726 (nil) extraordinary items.

When reporting first half profit of £167,462 (£182,036) on a turnover of £3.58m. (£2.97m.), the directors stated that the rate of increase in sales might not be *maintained in the second half*.

Stated earnings per 10p share for the year increased from 3.3p to 3.9p, and the dividend is lifted from 1.08p to 1.38p net with a final of 1.1p.

Net profit was £194,921 (£198,372), after tax of £238,148 (£216,313).

The business is that of builders and timber merchants.

Gartmore Int. expansion

Gartmore Fund managers are expanding the investment objective of the Gartmore International Exempt Fund (formerly the Gartmore Exempt Fund) so that investments will not be restricted to U.K. equities, but will be spread throughout the world.

The trust, which exists for pension funds, charities and other funds that are tax-exempt, was acquired when Gartmore took over the Morgan Grenfell stable of unit trusts in December, 1975.

The size of the fund is now £500,000 with a yield of 5.58 per cent. The trust aims to provide a reasonable level of income and capital growth and the managers feel this can be improved by holding selective overseas investments.

Since it is an intrinsic part of the trust's aim to provide a reasonably high yield, the managers do not expect the overseas holdings to ever become a dominant part of the portfolio—25 per cent. is the expected maximum.

Duckham falls by over £1m.

For 1975 Alexander Duckham and Co., a wholly owned subsidiary of British Petroleum, reports profits over £1m. lower at £517,292 on turnover ahead from £14.6m. to £16.35m.

There is again no tax charge. Earnings per 25p share are stated at 12.91p compared with 39.6p. The company manufactures and distributes lubricating oil.

	1975 £	1974 £
Turnover	16,349,873	14,396,250
Profit	517,292	1,587,118
Extraord. debit*	26,845	13,905
Available	490,447	1,573,205
Retained	490,447	1,172,397

* Loss on conversion of foreign currency loans to subsidiaries.

Davenports Brewery

In their interim statement, the directors of Davenports Brewery (Holdings) say that for the remainder of the year the effects of the Budget and the general economic climate must exert a moderating influence on progress, "and the summer weather will doubtless play its part in the final result.

As reported, first half (to March 31) profits were up from £552,000 to £696,000 and the interim dividend is lifted from 0.6625p net to 0.725p per 25p share.

Last year's total was 2.25225p from a pre-tax profit of £1.22m.

Walker Sons improvement

Turnover of general engineers, Walker Sons and Co. (U.K.), increased from £1.9m. to £2.13m. in the half year to March 31, 1976, and profit advanced from £36,440 to £97,240, subject to overseas tax of £4,800, against £1,640.

Stated earnings per £1 share were 19.13p (loss 9.86p).

Because the subsidiary in Sri Lanka is required to close its accounts at March 31 annually the group's current financial period will be extended to 18 months to March 31, 1977.

COMPANY NEWS

First half rise for Akroyd & Smithers

AXABLE PROFITS of jobbers, kroyd and Smithers, amounted £0.39m. for the 26 weeks ended pril 2, 1976, compared with .86m. for the first 23 weeks of e previous year.

While, due largely to satisfactory arket conditions, results for the st half are very favourable, the ofit outlook for the remainder the year is at present "somehat uncertain," says Mr. D. H. eRoy-Lewis, chairman.

The economic factors, which ill affect profitability during this econd part, include the success of e Counter Inflation Policy, ontrol of the level of Government expenditure, ability of indusial companies to earn profits, nd the amount of savings both rporate and individual, he resses.

The profit shown is arrived at ter charging a contribution of 150,000 to the Staff Pension cheme. The directors consider it rudent to make such a provision this time in order to strengthen e funding basis of the scheme, e chairman explains.

First half earnings per 25p are are shown to have advanced om 28.9p to 36.3p. The interim vidend is again 3p net per share total dividend for the year to ctober 3, 1975, was 12½p to which as added a centenary bonus of p, paid from taxable profits of 31m: earnings 37.5p.

Turnover—being the aggregate lue of sold bargains—amounted £10.73bn. for the 26 weeks, ompared with £6.84bn. for the 23 eeks of 1974-75 and with 4.55bn. for all of that year.

	26 weeks 1976	23 weeks 1975
	£m	£m
urnover	10.732	6.844
	£000	£000
ofit	6.394	5.660
xation	3.470	3.348
t profit	2.924	2.312
traord. debit	—	40
vidends	240	240
tained	2.684	2.032

See Lex

The chairman reports that the reduction in demand experienced, due to the severity of the trade recession in the U.K. and overseas, has been particularly noticeable in the building and construction industry which represents a prinicpal outlet for the company's products.

There is no material difference in net assets since July 31, 1975, and bank borrowings and consequently interest charges have been running at a lower level.

RCF profit warning

RCF Holdings has witnessed ome improvement in the receipt orders since February.

But unless the economy ecovers at a much greater rate an is presently foreseeable, olders must be prepared for the ar end results "to be disapointing," says the chairman, r. J. Godfrey, in his interim atement.

As known pre-tax profit for the lf year to January 31, 1976, ecreased from £303,000 to 10,000 on a turnover of £5.22m. 5.05m.).

No less from Higgs & Hill

PRESENT ESTIMATES indicate that pre-tax profits of Higgs and Hill for the current year should not be less than the £2.18m. for 1975, says the chairman, Mr. E. W. Phillips.

However, he expresses reservations for 1977 because it would be "unrealistic" to rely on any significant improvement in the home market for some time.

Given reasonable success in endeavours to secure a fair share of the reduced work available and to extend overseas, however, Mr. Phillips is confident the company has the resources to go forward to "new levels of achievement"

A professional valuation of investment properties at end 1975 produced a result much in line with the opinion given last year by the directors, that values were in aggregate overstated by about 10 per cent. The balance sheet now reflects the depreciation in the value of £912,000.

The £2.18m. profit for 1975, as reported on April 14, compares with £0.99m. for 1974 after deducting exceptional provisions of £1.02m. The dividend is 2.794p (2.377p) net.

Priority was given to improving the cash position. Through the sale of selected investment properties (including the Paris office block), "aggressive" marketing of residential trading stock, and improved cash flow in construction activities, a marked strengthening of the balance sheet was achieved. Cash resources available increased by £2.48m. (£1.41m.).

Before the year-end early repayment of half of the £2m. bank loan drawn in 1974 was made and the remainder has since been repaid.

Chairman's Statement Page 28

Simon Engineering aims for growth

WITH FURTHER substantial building up of the financial position of Simon Engineering last year, the policy of reinforcing growth in those areas of greatest potential will be continued, says the chairman, Mr. L. Brook.

It is not possible to take an optimistic view of the U.K. economic climate for the next two years, but if inflation continues to be signficantly reduced the company's plans for further growth in 1976 should be achieved, he adds.

The directors accept that public expenditure in this country must be cut severely. This policy, if pursued, would affect the U.K. trading levels of some of the group's companies, but as "there can be little doubt" that overseas markets will move forward faster than the domestic market they will endeavour to maintain growth by even greater transference of resources to marketing and selling overseas.

"We certainly have the capacity to cope with the rise in activity which should occur," the chairman declares.

Group turnover increased from £151m. to £164m. in 1975. Order intake at £144m. though an apparent decline from the £187m. of the previous year, included a higher proportion of orders taken on a fee and reimbursable basis.

Mr. Brook explains that in most fee and reinmurbsable contracts materials and equipment supply and erection are under the control of the contractor as agent for the client. It is the company's practice to exclude these items from order book and turnover statistics and to include only charges for payroll, overhead costs and fees, usually only a fraction of the total cost of a project.

Although total figures for order intake and turnover are thereby reduced, the same does not apply to gross margins or to the volume of work carried out. Gross margins on orders obtained in 1975 were, in fact, higher than in the previous year, he adds

The group ended 1975 with a strong balance-sheet—well prepared to meet the year ahead. An increase in liquidity—£6.47m., against a deficit of £4.17m.—arose from the June, 1974, rights issue, the record profit, and a reduction in working capital

As reported on April 27, group pre-tax profit increased from £5.15m. to £8.7m. Inflation-adjusted profit on CCP basis shows £6.07m. (£5.04m.) pre-tax. The dividend is 6.3203p net (5.8216p) per 25p share.

Of the turnover the overseas total was £102.302 (£87.4m.) and U.K. £61.98m. (£63.94m.). Exports from U.K. companies totalled £36.5m. external, and £3.04m. intra-group.

An analysis of turnover and profit (in percentages) shows specialised machinery 34 (30.4) and 46.8 (36.8); process plant contracting 39.4 (32.1) and 17.3 (9.7); and industrial services 26.6 (37.3) and 46.8 (63.4). Associates contributed 6.2 (6.4) to profit and there were deductions of 5 (6) for interest and 12.3 (same) central services.

Meeting, Stockport, June 14, noon.

Chairman's Statement Page 28

Lankro in joint U.S. venture

Lankro Chemicals Group and Fallek Chemical Corporation of New York City, have formed a joint company, Fallek-Lankro Corporation, to manufacture in the U.S. the range of phenoxy acid herbicides currently produced and marketed world-wide by Burts and Harvey, Lankro's agrochemical division, of Belvedere, Kent.

Lankro and Fallek will each have a 50 per cent. share in the joint company, which has been incorporated in Alabama and will have a total equity of $5.25m. Loan funds of $11m. will be provided by Mutual Life Insurance Company of New York.

Lankro is contributing $1,625,000 in cash, already held in New York out of proceeds of export sales from the U.K., and the balance of $1m. as the goodwill of Burts and Harvey's U.S. business.

TI expects to improve after poor start

PROFITS of Tube Investments, the metal, engineering and electrical group, had been running at about 20 per cent. below the corresponding period of last year, Lord Plowden, the retiring chairman, said yesterday.

But, as the recovery in world trade gained momentum, profit levels were expected to improve later in the year, he told shareholders at the annual meeting in Birmingham.

Lord Plowden said the earlier expectations that difficult trading conditions were expected to continue through the first half of 1976, had proved to be the case so far.

Demand for domestic appliances was particularly depressed, he reported, both at home and abroad, accentuating the usual seasonal pattern. However, the steel tube business was holding up better than expected and aluminium had improved "significantly."

Profit levels were expected to improve later in the year as the recovery in world trade gained momentum. There were already signs of market strength in some sectors, Lord Plowden continued. Overseas and export prospects were encouraging and there had been a sharp upturn in export orders for machine tools.

Lord Plowden retired as chairman following the meeting and will become president. Mr. B. S. Kellett succeeds him as chairman, and Mr. R. M. Bagnall becomes deputy-chairman.

INTERNATIONAL COMPANY NEWS + EURO MARKETS

Opel expects production to return to 1973 levels

BY GUY HAWTIN FRANKFURT, May 17.

ADAM OPEL, the large West German General Motors subsidiary, is expecting production to return to 1973 levels this year it was disclosed to-day. But the heavy rise in raw materials, energy and labour costs makes it highly unlikely that profits will equal the record 1973 figures.

Last year the concern turned out 657,539 vehicles of all types compared with 583,654 in 1974. This year it estimated that production *will total between* 850,000 and 900,000 vehicles against the 874,355 produced in 1973.

During the first quarter of *1976, Opel remained the best* selling mark in the Federal Republic, Austria and the Netherlands. Opel sales in West Germany exceed those of Volkswagen, itself, though not those of the VW group as a whole.

Orders in the domestic market showed a considerable improvement with domestic demand totalling 185,000 units. There has been an "excellent response" to the new models introduced to the market. As expected, price rises introduced by the group had prompted a 50 per cent. *fall off in orders com*pared with the previous month.

The April fall-off in orders, however, had to be seen against the background of "extraordinarily high" bookings in March, said Herr E. Rhode, a member of the Opel executive Board. Customers had ordered in March in anticipation of the April price increases. Against this, orders in May had increased substantially particularly for Kadett and Rekord models.

On the export front, Opel is expecting something of a boom *in Europe with the concern* unable to supply its European dealership with as many cars as it wanted. But this year there will be no exports from Opel *to the U.S.*

Mr. James Waters, the concern's newly appointed chief executive, said that high overheads, coupled with exchange *rate difficulties ruled out exports* to the U.S. However "if economic circumstances changed," he said, the group would review the situation and possibly resume exports to the U.S.

The Opel concern remains curiously coy about turnover projections for the current year. Mr. Waters claimed that it was not in the group's interest to *reveal its estimates as this could* be of considerable help to its competitors.

According to the 1975 profit and loss statement, last year's turnover was DM6.245bn. (£1.34bn.)—a 28.7 per cent. increase on the previous year's DM4.852bn. (£1.04bn.). At the same time, the group had surpassed its 12 per cent. production growth forecast and, in fact, output had risen by 12.7 per cent.

Net profits for 1975, according to the statement, totalled DM49.7m. against DM6.24m. shown in *1974*. While this gives a clear indication of the major improvements in Opel's fortunes last year against the depressing 1974 downturn, it should be *pointed out that during 1974* Opel operated in the red.

Mr. Waters said that profit objective for 1976 was to improve earnings considerably, against 1975 figures. Mr J. E. Rhame, the finance director, said that in this respect the year looked like being a very good one. Volume excluding unforeseen political *difficulties, was expected to hold* up well.

Investment in 1976 is planned at about DM370m., considerably more than 1975's DM300m. This *represents a return to the capital* investment level's of 1974 when it reached just under DM400m.

Bank of Tokyo $50m. issue

BY MARY CAMPBELL AND CHARLES SMITH

THE BANK of Tokyo has launched a $50m. five-year inter*national bond issue on the Euro-*dollar and Asia dollar markets. The issue will be listed on the Luxembourg and Singapore stock *exchanges*. Indicated coupon is 8½ per cent.

The underwriting syndicate is headed by S. G. Warburg, as the overall lead manager, and Credit *Suisse White Weld in Europe* together with DBS-Daiwa Securities and Singapore Japan Merchant Bank in Singapore.

The Bank of Tokyo appears to *be planning its "split" Euro-*Asia-dollar issue mainly as a gesture of friendliness to the Singapore Government which has displayed a strong interest in building up a local offshore dollar capital market.

Investors in the Singapore part of the issue are expected to be Asian individuals including *overseas Chinese investors. The* issue is understood not to be aimed at tapping the petro-dollar market.

This will be the first Japanese *issue to be given a simultaneous* Luxembourg and Singapore listing. A previous issue by Yamashita-Shinnihon, one of Japan's major shipping companies, was quoted in Singapore after being initially issued in Europe with a Luxembourg listing.

* * *

A $50m. five year loan for Tele comunicoes Sao Paulo (Telesp) under guarantee of the Brazilian national Telecommunications authority, Telebras, has been launched into syndication. It is part of a $90m. financing for Telesp, of which $40m. has been pre-placed. The load manager is Chase Manhattan Limited.

Market sources say that the $50m. loan offers a spread of 2 per cent., the highest for an openly syndicated Brazilian state enterprise loan for some years. However, Euromarket bankers say that this does not mark a further rise in the rates charged to Brazil which had already happened, they say, when the Rio de Janeiro Airport authority borrowed at 1¾ per cent. under Brazilian Government guarantee.

Traditionally, they say, Brazilian federal government risk is rated an eighth of a point better than other state enterprises and 1½ had previously been the going rate for federal government, or government guaranteed *loans.*

It is believed that the borrower will pay the same amount in fees on this loan as was paid in the case of other recent comparable Brazilian loans.

The two other tranches of the financing are reported to be $10m. for a maximum final maturity of five years at a fixed rate of 2 per cent. over the cost of funds and $30m. at a floating rate of 1¾ or 2¼ per cent. depending on whether the maturity is more than five years or not. The final maturity is seven years.

* * *

The loan agreement for Morocco's five year Euromarket financing has now been signed. The amount of the loan was finally set at $300m. Spread is 1¾ and lead manager Union des Banques Arabes et Françaises.

Pre-underwriting had originally been arranged for $200m. with the expectations that the size of the loan would be raised to $250m. after market syndication. Any amount, between $50m. and $100m. which emerged from the syndication was expected to go towards cutting back pre-underwriting commitments. However it is understood that the raising of the amount *to $300m. does not necessarily* imply that the banks involved in the pre-underwriting had their participation cut by an aggregate $50m.

* * *

Electricité de France (EDF) is considering raising funds on international markets, Reuters reports from Paris, but liquidity as a result of current revenues and a Frs.1bn. domestic bond issue launched to-day leaves it in no hurry, an official said.

Plans under consideration include a Eurobond issue and a roll-over credit facility allowing the option of raising funds on the international or the U.S. commercial paper markets, he said.

*Market sources said the Euro-*bond issue could be for $75m. or more with a maturity up to 15 years, but is not expected before mid-June at the earliest.

The roll-over credit could be for around $300m. and would follow a formula already successfully used by EDF in the past, but conditions of spread and duration are not yet decided, they said.

Société Générale is cited as potential manager for the Eurobond issue and Crédit Lyonnais for the syndicated credit, they said.

Walter Thompson losses

J. WALTER Thompson has reported revenue of $30.8m. for the quarter ended March 31, 1976 compared with $30.1m. for the same period last year.

It incurred a loss of $702,000 or 26 cents per common share against a loss of $716,000 or 27 cents per common share previously. Foreign exchange losses were $99,000 against profits of $199,000.

Mr. Don Johnston, the president and chief executive officer, says that J. Walter Thompson's first quarter revenue is traditionally low, *but he reiterated* that earnings for the full year will improve over that of 1975.

Siemens first-half profit recovery

BY ADRIAN DICKS BONN, May 17.

SIEMENS, the leading West German electrical group, to-day announced results for the first half of the current year that *show a healthy recovery in acti*vity, while making clear that the full effects of recovery on its business have yet to be felt.

Dr. Plettner—Siemens Board member.

World-wide turnover for the group rose by 12 per cent. to an even DM10bn. (£2.15bn.) during the six months to end-March. Overseas business, accounting for DM4.8bn., increased by 15 per cent., while domestic business, at DM5.2bn., was up 10 per cent.

Net profits rose from DM231m. to DM251m., but declined as a proportion of turnover.

There is no breakdown of *Siemens' performance by areas* of business, but it is clear that substantial idle capacity, in consumer products and in the information sector, remained one important negative factor weighing on the results.

The interim report indicates that there has been no volume growth. Siemens states that it does not expect any improvement in the volume of new orders before the second half-year, though it does not indicate whether this hope is being fulfilled.

During the first half, there was a 2 per cent. rise in overseas orders. But this was more than cancelled out by a 4 per cent. decline in new domestic orders, *leading to an overall decline of* 1 per cent. to a low of DM10.8bn.

There was a further 3 per cent. decline in the group's labour force during the six months, though workers on short time declined from 28,000 to 19,000.

The Siemens figures include for the first time results of Osram, the light-bulb manufacturer, in which Siemens now holds 78.6 per cent.

Gloomy outlook for shipbuilding industry

BONN, May 17.

THE SHIPBUILDING industry both in West Germany and throughout the world must reduce capacity during the next few years if it is to survive, the chairman of the German Shipbuilding Industry Federation, Herr Werner Bartels, said in Hamburg to-day.

Presenting the Federation's *annual report, he said there was* a 30 per cent. surplus of world shipbuilding capacity, and he called on Japan, as the market leader, to abandon its "wait and see" policy, and to take the lead in an international solution to the problem along the lines already discussed by the OECD.

However, Herr Bartels said that the German shipbuilding industry was, to some extent, protected from the overcapacity problem by its increasing reliance on specialised types of ships. At the beginning of this year German yards held orders worth DM11bn. (£2.36bn.), and could reckon on a satisfactory proportion of capacity use

Herr Bartels also revealed that over half of the DM3.26bn. in new orders received last year was later cancelled because of economic conditions.

Last year the industry delivered 173 vessels with a total tonnage of 2.3m. Just over 60 per cent. of its output was sold to foreign customers.

Bos Kalis optimistic

BY MICHAEL VAN OS AMSTERDAM, May 17.

BOS KALIS Westminster, the international Dutch-based dredging and construction group, said in its annual report that its gross trading profits—which were up *Fls.29.4m. to Fls.112.7m. in 1975* —were expected to show another increase in the current year. Its confidence was based on the size of the order portfolio and an expected improvement in margins.

The company said here to-day at a Press briefing that it was generally confident about the future business prospects also *thanks to the large geographical* spread of its activities. But whereas the Middle East continued to be a promising market, more immediate prospects for areas like South America, the Far East and Australia were less bright.

Bos Kalis' investments would again be at a high level this year —they are likely to be "at least Fls.100m."—and calls on finance markets to supplement cash flow were expected.

The company's annual report noted that in 1975, the turnover of "work done" exceeded the Fls.1bn. mark for the first time, to reach Fls.1.01bn. (Fls.780m. in 1974). The turnover of contracts executed also increased substantially, to Fls.940m. (Fls.610m.). It added that the *increase in gross trading profits* was achieved through higher turnover. The year had been characterised by a slight fall in margins, partially caused by increased repair costs. These repair costs had in fact exceeded Fls.90m. in 1975.

Sears makes good headway

SEARS ROEBUCK has reported net earnings per share of 54 cents in the first quarter ended April 30 against 34 cents previously.

Net income rose from $34.4m. to $85.1m. on sales up from $2.84bn. to $3.2bn. The previous year results have been restated for inflation and new accounting standards relating to foreign currency translation.

Mr. Arthur Wood, the chairman, says Sears' prospects for the rest of the year are good. "Our economists are predicting that personal disposable income will be up 9.7 per cent. in the first half and 10.5 per cent. *in the second half*. With confidence continuing to rise we anticipate good business during the balance of 1976."

He says the first quarter *reflected continued strengthen*ing of consumer demand particularly in durable goods.

Sime Darby reorganises

SIME DARBY Holdings has announced a big reorganisation of its activities into three principal international divi*sions*, effective July 1.

It will establish an eastern international division with responsibilities covering companies headquartered in Singapore, Hongkong, Thailand and Australasia, while a western international division will be set up with responsibility for operations in Europe, including the U.K., North America, the Middle East and India.

A Malaysian division will have responsibility for companies headquartered in Malaysia and Indonesia.

Reuter

Xerox to finance equipment sales

XEROX CORP. said it is offering internal Xerox financing for customers wanting to buy information processing equipment.

The company said it is instituting the service in response to customer requests. Its copiers, duplicators, microfilm products, electronic typing systems and facsimile transceivers will be included in the programme.

French bankruptcies

BANKRUPTCY proceedings in France in April numbered 1,434, some 20 per cent. up on March but roughly equal to the monthly average for 1975, according to the latest figures *issued by the national institute* of statistics (INSEE), writes Robert Mauthner.

In spite of the increase, the general trend since the beginning of the year is downwards, reflecting the great improvement in the economic climate. Sectors in which the number of bankruptcies have fallen noticeably include the building industry, public works, hotels, restaurants and cafes, transport and other services, as well as retailing in general.

On the other hand, there has *been a marked increase in* bankruptcies in the agricultural and food retailing field, where the number of businesses liquidated or in the process of liquidation was higher than the average for 1975.

Bank of America to buy out Kleinwort, Paribas stakes

BY MICHAEL BLANDEN

BANK OF AMERICA is paying just under $16m. (£9m.) to buy out the minority interests in its merchant banking subsidiary held by Kleinwort, Benson and Banque de Paris et des Pays-Bas.

The move, foreshadowed in these pages last month, is aimed to achieve closer integration of the subsidiary, Bank of America International, and consolidation of the group's Eurobond and loan syndication business and other merchant banking activities in the London merchant banking operation.

The purchase price is based on book values at March 31. Kleinwort, Benson and Paribas will each receive $6,280,287, plus the repayment of their share of the company's subordinated deposit, totalling $1.71m. each.

The subsidiary, at present 55 per cent. owned by Bank of America, is based in Luxembourg but operates through a London company. Mr. A. C. Rice, executive vice-president of Bank of America, explained that the aim of the move was to make it possible to bring all the group's international merchant banking activities together. The subsidiary, he said, would continue to serve "as the flagship of the parent bank's merchant *banking activities.*"

He added that the restructuring would not affect Bank of *America's working relationshi* with Kleinwort and Pariba They will continue with oth joint operations in the Far Ea as well as with Ameribas Hol ings—a Luxembourg holdi company jointly owned by Ba of America and Paribas—a MBC International in Austral where Bank of America a Kleinwort are major sha holders.

Mr. Robert Henderson, cha man of Kleinwort, will rema as a director of Bank of Americ

The deal is subject to offic approvals, but it is not expect that there will be any obstacl from the Bank of England other authorities and it expected to be completed in t *third quarter of this year.*

Bank of America Internation is itself the result of restructuring which took place March 1974. This broug together two jointly own merchant banks, in which Ba of America participated w Kleinwort in London (Bank America Ltd.) and with P in Luxembourg (B Ameribas).

The merchant bank had assets of $831m. at the en 1975 and reported net profi $2.9m. after tax.

Commenting on the deal K wort said that the funds it w receive would be used for expansion of its own activit

Immediate action needed to halt Pertamina losses

BY KEVIN RAFFERTY

DR. MOHAMMAD SADLI, Indonesia's Mines Minister, has warned that the losses of Pertamina, the State oil company, may grow unless immediate measures are taken. Last year the Government said that the Pertamina debts totalled $3bn., but informed sources in Jakarta now *place them at more than $10bn.*

The Minister did not go into details about what kind of action was needed, but he did say that the company's losses were mainly *caused by the hire-purchase of* oil tankers many of which were lying idle.

Pertamina's losses have already badly damaged the Indo*nesian economy* and led to a series of international bank loans to try to bail out the company in what has been described as "the biggest corporate rescue operation in the world"

The Pertamina debt problem has become increasingly complicated and more uncertainty has been caused because the Government has so far refused to provide the details of the debts—while the rumours of the total indebtedness have soared.

In an attempt to stem the speculation, last month Dr. Rachmat Saleh, the governor of the Bank Indonesia, sent estimates to international bankers which put the total Pertamina indebtedness at $6.2bn. But that figure did not include the losses on the tanker hire and purchase.

Last month, the Financial Times was told in Jakarta that the Pertamina tanker losses were likely to amount to $3.4bn. the next ten years, of wh $2.3bn. would be on internatio tanker trade. The estimates w based on present calculations how the world tanker market likely to behave over the n decade.

Repercussions of the Per*mina losses run right thro* the Indonesian economy $1.9bn. is owed to the B Indonesia and $1.1bn. owed the Treasury in back taxes.

Before the Pertamina disas oil was going to be the me of developing the economy Indonesia which is one of biggest (with 130m. people), one of the poorest (with p capita income of $130 a ye countries in the world. that time Pertamina was the s performer in the economy.

Indonesia's gross oil earnin *amount to $5bn. a year.* Net earnings were more than $3 Oil earnings contribute m than 50 per cent. of the In nesian budget, and in an eff to ease some of the strains the budget Dr. Sadli is trying persuade the international companies to reduce their sha of the "take" from Indones oil.

Caltox last month agreed pay the Government an extra a barrel and negotiations under way to get another barrel from the compa *operating production* sha agreements in Indone Altogether, Dr. Sadli hopes raise an extra $500m. a year the Government in this way.

Difficulties for Barlow Rand

FINANCIAL TIMES REPORTER

NET PROFITS of Barlow Rand rose from R29.05m. to R32.45m. for the first six months to end-March, but since then there has been a "definite downturn" in *trading conditions, reports the* chairman, Mr. C. S. Barlow.

Turnover was R536.78m. (R404.55m.) and pre-tax profits R62.36m. (R49.98m.). The dividend is maintained at 7 cents.

Describing the interim results as better than anticipated, the chairman attributes currently depressed conditions to the general impact on the South *African economy of lower gold* prices and inflation.

In view of this, and the increased rate of taxation, Mr. Barlow foresees only a small improvement in full year earnings per share. The interim incre was 8.5 per cent. to 32 cents. 1974-75, earnings were 67.2 cen

The higher rate of taxation— from 30 per cent. to 36 per ce —is due to a change in the of income, particularly in mining division, and to the ba increase in the rate introdu in the 1976 budget.

Mr. Barlow foresees an changed total dividend of cents, with a final of 16 cent

The group has, howe benefited from its diversifica programme, with strong perfo ances by the mining and al divisions and a significant crease in contribution by electronic interests. There also a first time contribution television.

GKN/SACHS

Monopolies Commission support for Cartel Office decision

BY A. H. HERMANN BERLIN, May 17.

THE FEDERAL Cartel Office decision against the GKN-Sachs merger announced last Friday appears to rest on a legal opinion which has not yet been tested in *German courts.*

While the Cartel Office cannot be certain, therefore, of having its view confirmed in the courts to which the two parties now will appeal, it seems to be fairly sure of support in the German Monopolies Commission, should it be asked for an opinion. That would be the case if the two companies asked the Minister of Economics to over-rule the Cartel Office on the grounds of public interest.

These conclusions can be drawn from a conversation which I had here to-day with Professor Kurt Markert, chairman of the Cartel Office Board which made the unfavourable decision.

The second yearly report of *the German Monopolies Commis*sion is due to be published in a fortnight and it is likely to come out in favour of stricter merger control. The Cartel Office, however, is already applying its merger control powers more vigorously than had been anticipated by industry at the time the new Competition Act was passed in 1973.

The full text of the Cartel Office decision was handed to the representatives of the two companies to-day but its main points will be published only later this week presumably on Wednesday.

However it appears from the explanation given by Professor Markert that the main legal ground on which the decision rests—namely the potential strengthening of market dominance which would result from the financial strength lent to Sachs by GKN—is not at all well defined in German law. Though the Government referred to financial strength as a consideration when presenting the Competition Act in Parliament, not a single decision made in *German courts* has yet defined this concept in connection with mergers. The GKN appeal may well provide the first chance for the Supreme Court to do so.

The crucial question now is whether the courts will agree with the Cartel Office in declaring that merely a potential strengthening of dominance by financial links constitutes grounds for prohibition.

Professor Markert strongly rejects British complaints that the Cartel Office acted unfairly by leading GKN to believe that the "financial strength" argument would not be used against the proposed merger. In fact, the Cartel Office had mentioned this objection, Professor Markert said, to the German lawyers of the two parties by the end of 1975.

Early in April the Cartel Office outlined to the parties the decision which it proposed to take *to give them an opportunity* to present counter-arguments.

Professor Markert denied that the decision had anything to do with the fact that the acquiring party was British. Also any parallel with the earlier case of the General Electric U.S. bid for Osram was misconceived. In fact, said Markert, the Cartel Office had already reached an agreement with General Electric on the terms under which it would approve the General Electric take-over of Osram when Siemens stepped in and frustrated the deal.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Aquitaine 10pc 1985	103	104
Ashland 8pc 1987	95	96
Austraswiss 8pc 1987	94	95
B.F.C.E. 8½pc 1983	99½	100½
C.N.E. 9½pc 1985	100½	101½
Conoco 9pc 1986	99¾	100¾
E.C.S. 9¾pc 1986	100	101
E.I.B. 9½pc 1985	102¾	103¾
Erap 9½pc 1983	*101½*	102½
Esso 8pc 1986 Nov.	101	102
Eurofima 8½pc 1984	98¾	99¾
Grances 9¼pc 1985	101½	102½
Massey 9½pc 1982	103	104
Michelin 8½pc 1986	99½	100½
Modo 9½pc 1983	100	101
Newfoundland Labrador 9½pc 1986	103½	104½
New Zealand 9¾pc 1982	103	104
Norpipe 9¾pc 1986	99½	100½
Norsk Hydro 9½pc 1986	101½	102½
Oslo 9pc 1988	99½	100½
Pacific Light 9pc 1986	95	96
Prov. Quebec 9pc 1984	*100*	*101*
Scanraff 8½pc 1986	99½	100½
S.F.E. 9pc 1983	100	101
Shell 9pc 1986	100	101
Standard Oil (Ind.) 8½pc '85	103	104
Svenska Handels 9½pc 1986	100	101
Volvo 9½pc 1985	102	103
NOTES		
Barclays 9½pc 1982	101½	102½
British Gas 9pc 1981	100½	101½
Charbonnages France 8½pc 1981	99	100
Denmark Mort. Bk. 9pc 1983	99½	100½
E.C.S. 8½pc 1981	101	102
E.E.C. 8½pc 1982	97½	98½
Electricity Council 8½pc '81	98½	99½
Montreal 9½pc 1983	102	103
Nippon Steel 9½pc 1980	102	103
Norway 8½pc 1981	101	102
Prov. Quebec 8½pc 1981	100	101
Seagram 9pc 1983	102	103

Source: White Weld Securities, London.

CONVERTIBLES	Bid	Offer
American Express 4¼pc '87	81	83
Ashland 5pc 1988	84½	86½
Beatrice Foods 4½pc 1992	94½	96½
Beatrice Foods 4¼pc 1992	105	107
Borden 5pc 1992	97	99
Broadway Hale 4½pc 1987	77½	79½
Canon Camera 7½pc 1989	141	143
Carnation 4pc 1987	*80*	*82*
Chevron 5pc 1988	112½	114½
Dart 4¾pc 1987	80½	82½
Eastman Kodak 4½pc 1988	112	114
Economic Labs. 4½pc 1987	80½	82½
Fed. Dept. Stores 4½pc 1985	121	123
Firestone 5pc 1988	89	91
Ford 6pc 1986	*99*	*101*
Ford 5pc 1988	88	90
General Electric 4¼pc 1987	86	88
Gillette 4¾pc 1987	78	80
Gould 5pc 1987	85½	87½
Gulf and Western 5pc 1988	96	98
Harris 5pc 1992	83	85
Honeywell 6pc 1986	*61½*	*63½*
ITT 4½pc 1987	77	79
Komatsu 7½pc 1990	105½	107
J. Ray McDermott 4¾pc '87	136	139
Mitsubishi Elec. 7½pc 1991	104	105½
Mitsui 7½pc 1990	101½	103
J. P. Morgan 4¾pc 1987	114	116
Nabisco 5½pc 1988	92	94
Owens Illinois 4½pc 1987	108½	110½
J. C. Penney 4½pc 1987	80	82
Pioneer 6pc 1989	290	295
Revlon 4½pc 1987	98½	100½
Reynolds Metals 5pc 1988	56	58
Sperry Rand 4½pc 1987	98	100
Squibb 4½pc 1987	77½	79½
Texaco 4½pc 1988	90½	92½
Toshiba 6½pc 1990	107	108½
Union Carbide 4½pc 1982	125½	127½
Warner Lambert 4½pc 1987	88	90
Warner Lambert 4½pc 1988	82	84
Xerox 5pc 1988	71½	73½

Source: Kidder, Peabody Securities.

هكذا من الأصل

BUSINESS AND INVESTMENT OPPORTUNITIES

Finance for Growing Companies

If you are a shareholder in an established company and you, or your company, require between £100,000 and £1,000,000 for any purpose, ring David Wills, Charterhouse Development.

Investing in private companies as minority shareholders has been our business for over 40 years. In association with leading institutions we have now formed a new company, Charterhouse Development Capital Limited. This company has substantial funds to invest in both quoted and unquoted companies earning more than £50,000 a year.

CHARTERHOUSE

Charterhouse Development, 1 Paternoster Row, St. Pauls, London EC4M 7DH. Telephone: 01-248 3999.

NON EXECUTIVE DIRECTORSHIP?

Company Chairman (42) Financial background, practical business experience, independent means, would like to take on one (or two?) additional part time assignments. Based in Kent but travels widely in U.K. and Overseas (particularly Far East) in connection with existing interests. Could help to bridge the generation gap in a family business, or bring wider perspectives to a wholly Executive Board. Those interested in a preliminary discussion without commitment on either side should write to Box 3, 30, Maple Street, London W1P 5GD marking the envelope "Confidential/NXD."

FAR EAST—AUSTRALASIA

Merchant Bank with offices in Hong Kong and Singapore able to assist investors in the Pacific Australasian region to manage their investments, improve performance of their low-yielding investments, convert or mobilise their moribund assets to readily marketable securities. Replies to Box E.7963, Financial Times, 10, Cannon Street, EC4P 4BY.

NATIONAL SALES FORCE

A long-established company with a national sales force calling upon retail and wholesale sectors of the hardware, D.I.Y. and garden trades is very interested in distributing extra lines.

All replies in confidence to:
Box No. E.7955
FINANCIAL TIMES
10 Cannon Street, EC4P 4BY

PRIVATE ENGINEERING COMPANY

in Strathclyde Region, specialising in Woodworking machines, with successor problems, seeks amalgamation with larger concern or private individual to allow owner to retire after an agreed period of time. At least £50,000 would buy an equity shareholding plus technical administration experience. Replies outlining background in complete confidence to Box No. E.7929, Financial Times, 10, Cannon Street, EC4P 4BY.

CONTROL PANELS

U.K. and Overseas
Custom built to I.E.C., D.I.N. and B.S. Standards
MAX WRIGHT LTD.
Electrical Engineers
Ware, Herts - Tel: 61235

Despite the current recession in the world tanker market there are still

SOUND INVESTMENT POSSIBILITIES

in other types of shipping. If you are buying a ship, old established British shipping company offers experienced management, crewing and marine technical services on a world wide basis.

Write Box E.7573, Financial Times, 10, Cannon Street, EC4P 4BY.

14% PER ANNUM

Interest paid on deposit account. Paid gross. No tax deducted. Minimum deposit £100. Minimum period 12 months. Special rate for £10,000 plus.

Full particulars from:
FIRST FAYELL FINANCE LTD.
182 Birchfield Road East
Northampton NN3 2HG
Telephone: 0604 714830

DRAWING BOARDS

Professional practice has 10 Zuchor Draughting Units for sale. Present day cost estimated at £380 each. All reasonable offers considered.
Please ring 01-928 9351

£ A WEEK for EC2 address or phone messages. Combined rates + telex under £3 a week. Message Minders International. 2-45 New Broad St. London EC2M 1QY. 01-628 0898. Telex 8811725.
PRIVATE MAILBOXES. London. £15 pa. Post Restante or daily forwarding. 01-405 0463. British Monomarks. Box London WC1V 6XX.
KEEPERS can save you time and money. City-wide 24-hour coverage. Ring Air Call. 01-834 9000.

ESSEX

ESSEX house builder operating in the Home Counties is interested in purchasing house building companies for cash. The assets should include land and/or tax losses. Please apply in writing, in confidence, to:

T. Mines, A.C.A.,
Trevor Jones and Company,
Valley House,
102-104 Crossbrook Street,
Waltham Cross,
Herts. EN8 8JR.

FOR SALE

Public House or Hotel site with full on Licence in centre of new development complex, comprising of 10 Shops, Supermarket, Petrol Filling Station, Church and Public Health Clinic, surrounded by 25,000 Population now starting construction by Private Developer.

Write Box E.7946
Financial Times
10 Cannon Street, EC4P 4BY

AMSTERDAM BUSINESS ADDRESS

Near Royal Palace. Office space or mail, messages, order service, Business and Financial Contacts, Trade information. Local Representation
Wessel Company, 2 Westermarket, Amsterdam-C. Tel: (020) 22 78 44.
"Your Ally in Amsterdam"
Managing Director in London:
Tue. 18-Fri. 21 May, c/o Europa Hotel, W.1. Tel: 493 1232.

OPPORTUNITY WANTED

Businessman, 31 with Technical and Business Degrees, 10 years' experience Marketing/General Management seeks opportunity to assist private/public company requiring diversification, reorientation, trouble shooting or pure management in return for salary or share of success.

Write Box E.7952, Financial Times, 10, Cannon Street, EC4P 4BY.

Mortgage of 1.3m. D.Mark secured by 12m. D.Mark Spanish Hotel development. Owner of mortgage seeks partner to foreclose, institute a judicial sale and repossess.

Write Box F.424, Financial Times, 10, Cannon Street, EC4P 4BY.

FURNISHED OFFICES with full secretarial facilities. Birmingham and Sheffield. Adminaid. 021-643 4045.
NATIONWIDE DEBT RECOVERY SERVICE PTS Ltd., Alliance House, London, SW17 8QR. 01-767 1366 (15 lines).
LIMITED COMPANIES from £80. London and Offshore. Tel: CCM 0624-23733.
FURNISHED OFFICES with full facilities Norwich. Suitable as sales base E. Anglia. Key Personnel Ltd. 0603 25419.

PRODUCTION CAPACITY

ELECTRONIC SUB-ASSEMBLY FACILITIES IN MALTA

A subsidiary company of a large British public company has spare capacity for electronic printed circuit board assembly or similar sub-assembly work. The plant is modern and is situated near the capital of Malta, and has qualified electronic engineers operating within a totally skilled labour force.

Malta has the benefit of being a low cost labour area and is associated with the E.E.C., and therefore benefits from favourable custom duty conditions. The factory has comprehensive communications and telex facilities. For prompt quotation please contact:

Mr. J. Toledo (Director), Telefusion Limited,
Factory B.30, Industrial Estate,
Bulebel, Malta
Telephone: 78195 - Telex: 423

ACQUISITIONS & MERGERS BY AGREEMENT CHESHAM AMALGAMATIONS & INVESTMENTS LIMITED

Our business is merging your business. Successfully.

36 CHESHAM PLACE, LONDON SW1. 01-235 4551

EXHIBITION AND MARKET PLACE

Provisionally entitled IDEAS '76 is planned at the spacious ROYAL CORNWALL SHOW GROUNDS from 20th August, 1976 for TWO WEEKS. The object will be to display contemporary INNOVATIONS and INVENTIONS from both industry and the individual, being of interest to a County containing thousands of tourists from all walks of life and countries. Investors, Architects, Artists . . . are all welcome. Comparative contributions from the past will also feature.

Potential contributors and others interested should write to: IDEAS '76, Kernow House, St. Columb, Cornwall
Please enclose an S.A.E.

ITALY

One of the most important Italian textile industries is looking for:

SULZER weaving machines

TYPE: 130" ES 105 E 10/14
85" VSD 105 KT

Write Box F.425, Financial Times, 10, Cannon Street, EC4P 4BY.

NATIONAL MARKETING COMPANY PUBLIC COMPANY SUBSIDIARY

requires additional products to supplement existing lines selling to 70,000 Retail Outlets in the following trades: Paint, Wallpaper, D.I.Y., Stationery, Giftware. Marketing, Warehousing, Invoicing and Cash Collection facilities are available.

Reply in confidence to Box E.7969, Financial Times, 10, Cannon Street, EC4P 4BY.

E.E.C.

BRUSSELS LEGISLATION AFFECTS YOUR BUSINESS

Early-warning information service by experts in Europe: confidential and tailored to your specialist needs.

IPA
INDUSTRIAL POLLUTION ABATEMENT LTD.
21 Inner Park Road, London, SW19 6ED.
Tel.: 01-789 0841/789 9222
Telex 929501

PROFIT SHARING PARTNER ARRANGEMENT

Fixed income base

to Accountant, Management Consultant, or financially-oriented Manager with entrepreneurial drive. Required by private investor with substantial funds but limited time, to build up and manage a number of internationally based direct company investments including venture capital. Fixed income base plus equity participation on favourable terms. Languages, overseas and/or particular industry experience preferred but compatible personality and objectives decisive. Send full details in strictest confidence to Mr. J. V. Lawrence, 13 John Prince's Street, London W1M 9HB.

GROWTH OPPORTUNITY

U.K. Company with established product range in the Chemist and Food trades, wishes to increase this range with compatible products.

It therefore seeks high quality products in the area of Health Care, Personal Hygiene and Nutrition, to market and sell under licence in the U.K. Additionally, the Company is willing to consider a marketing arrangement for compatible product lines with sufficiently high sales volume in the major European markets.

Write Box E.7974, Financial Times, 10, Cannon Street, EC4P 4BY.

BUSINESSES REQUIRED

If you have a business making net profits of between £50,000 and £300,000, we would like to meet you with a view to offering an above market purchase price for it in appropriate cases. To arrange a confidential meeting phone 409 2997, or write to Box E.7947, Financial Times, 10, Cannon Street, EC4P 4BY.

BUSINESSES REQUIRED

If you have a business making net profits of between £50,000 and £300,000, we would like to meet you with a view to offering an above market purchase price for it in appropriate cases. To arrange a confidential meeting phone 409 2997, or write to Box E.7947, Financial Times, 10, Cannon Street, EC4P 4BY.

Entrepreneur looking for £20,000 Venture Capital

in order to fulfil contractual obligations, with world-wide electronic communication system. Equity offered with multi-million pound potential.

Apply Box E.7925, Financial Times, 10, Cannon Street, EC4P 4BY.

FOR SALE

Inflation Proof Investment

Freehold property with extensive gardens in one of London's most exclusive residential areas, now provides exceptional rental income as furnished flats. Total Rental income approx. £22,000 p.a. of special interest to investor seeking to acquire sound investment plus luxurious personal accommodation.

Tel. Leatherhead (53) 76523 or 78009—office hours.

MANUFACTURER'S REPRESENTATIVE FOR USA

Young, Dynamic sales manager available to represent your product or company in U.S.A. Can set-up national distribution for you. Open to all propositions. Excellent references.

Write Box F.426, Financial Times, 10, Cannon Street, EC4P 4BY.

Buy or Rent Restored D.D's for brilliant sales promotions at home or abroad. Complete details from Omnibus Promotions, 39 Mitchell St. EC1

NIGERIA

British businessman with 16 years' trading and industrial experience in Nigeria, enjoying a wide range of contacts in private and public sectors, is able to undertake a limited number of commissions during a forthcoming series of visits. Location of agents or local partners, follow-up enquiries, etc. Reply Box E.7950, Financial Times, 10, Cannon Street, EC4P 4BY.

LIMITED COMPANIES

FORMED BY EXPERTS FOR 72
READY MADE £80
COMPANY SEARCHES £2
EXPRESS CO. REGISTRATION LTD., 30 City Road, E.C.1.
01-628 5434/5/7361/9936.

LOSS COMPANY CAPITAL GAINS TAX

Company for sale with substantial losses (£500,000) available for Capital Gains Tax.

Please submit details in strict confidence to Box No. E.7959, Financial Times, 10, Cannon Street, EC4P 4BY, or telephone 01-405 1121.

WANTED

For fully tried and tested health aid. Financial backing to market extensively. Genuine interested principals only need apply.

Write Box E.7957, Financial Times, 10, Cannon Street, EC4P 4BY.

IBM ELECTRIC TYPEWRITERS. Factory reconditioned and warranted by IBM. Buy—save up to 30pc. Lease—3 years from £2.25 weekly. Rent—from £18 per month. Phone Vertex. 01-641 2365.
I REPRESENT several U.S. Companies wishing to have their vendor parts manufactured in the U.K. Castings, mouldings, pressings, printed-circuits, machine parts, assemblies, etc. Also dies, tools, fixtures, etc. I am also seeking suitable products to market in the U.S. Write Box F.427, Financial Times, 10, Cannon Street, EC4P 4BY.
EXPORT DOCTOR will help with FINANCE and other related matters. Write giving brief details Box E7964, Financial Times, 10 Cannon Street, EC4P 4BY.
SMALL EXPORT ELECTRONICS Company having completed R and D phase and now ready to produce, seeks equity partners towards raising a total of £100,000. Write Box E.7971, Financial Times, 10, Cannon Street, EC4P 4BY.

SEMI-RETIRED EXECUTIVE

54, with U.S., Canadian, U.K., Spanish, German connections, is interested in representing your interests.

DIPL.-ING. WINTER
MUNICH 82
MADELEGABELSTR. 54

PRODUCTION CAPACITY

MACHINING CAPACITY available up to 22ft. long. Maximum weight 10 tons — NRJ Ltd., Stockport. Tel. 061-480 3926.

TAX LOSS CATERING COMPANY WANTED

Minimum Loss £10,000
Write Box E.7972,
Financial Times,
10, Cannon Street, EC4P 4BY.

PLANT AND MACHINERY

FORK LIFT TRUCK SALE. Consult the specialists—Birmingham Fork Lift Truck Limited. Genuine sale of over 100 models. Capacities ranging from 2,000 lbs. to 15,000 lbs. front loading. We also have a 56,000 lbs. container handler sideloader, 2500 series with 20 ft. and 30 ft. hydraulic spreader. £14,000. All stocks must be sold regardless of cost. Trade and export welcome. Lists and photographs sent on request. Delivery arranged anywhere. Birmingham Fork Lift Truck Ltd., 4-8 Ham Road, Saltley, Birmingham B8 1DU. Tel. 021-327 5944-5. Telex 337052.

IS YOUR COMPANY PRESENTLY EXPORTING TO IRELAND?

If the answer is yes we may be able to reduce your shipping costs and add to your profit. Irish International operate Daily Service to both Northern and Southern Ireland. Excellent transit coupled with competitive rates. Full or Part Loads.

Irish International, Suite L, Orient House, 42/45 New Broad St., London, EC2. Phone 01-253 1898, 01-858 3662. Telex 881725.

MARSHAL'S ADMIRALTY SALE OF THE M/S MANDARINCORE

PRESENTLY LOCATED AT PIER 2C, HONOLULU HARBOUR, HONOLULU, HAWAII U.S.A AS IS, WHERE IS

Sale to be at public auction on June 10, 1976, at 10.00 am at the main entrance of the United States Post Office, Customs House and Federal Court House located at Honolulu, Hawaii. The terms of the sale are ten per cent (10 per cent) of the sale price on the fall of the hammer with the balance due on confirmation of the sale by the court, all sums to be paid by cash or certified or cashier's check drawn to the order of the United States Treasurer on any U.S. commercial bank with no other method of payment accepted.

The M/S Mandarincore is a fully refrigerated Israeli flag vessel, Vessel Number M/S-189. She was built by A/S Bergen M/V in March 1968 at Bergen, Norway. She has a dead weight of 9,710/8,420, registered gross of 8,185/5,927, and net of 4,812/3,356 (CSD/OSD), with an overall length of 485 feet 0 inches, a breadth of 65 feet 10 inches and a molded depth of 41 feet 0 inches. Classed Lloyds Register of Shipping UMS +100 A1 + LMC +RMC, passed December 1972. Engines are B and W diesel of 11,500 bhp. Speed 19.5 knots loaded. Refer capacity 418,810 cu. ft. reefer bale.

For information contact:
The United States Marshals for the District of Hawaii, Federal Building, 335 Merchant Street, Honolulu, Hawaii 96813 - Telephone (808) 546-2150
or
Case, Kay, Clause and Lynch, Attorneys, 1100 First Hawaiian Bank Building, Honolulu, Hawaii - Telephone (808) 536-7261

FREE 100% INVESTMENT GRANT

Middle East Industrialisation
Development of New Industries

Our Client's Government has decided to make available £200m. to create a new Industrial Estate, sited at a strategic point in the Middle East. Communications are excellent: Road/Air/Sea Port.

100% of the cost of buildings, machinery & labour training will be provided.

If you are a British Manufacturer, believe in the future of an emerging Industrial Nation, want cheap abundant labour and wish to be a world leader in your markets, this is an opportunity worthy of immediate examination.

Priority Industries include: Textiles, Pharmaceuticals, Medical Instruments, Light and Heavy Engineering, Electrical Cables and Switchgear and Machine Tools.

Write advising why your company is interested in such a venture and what you believe you have to offer, to:

The Managing Director, Middle East Division.

MERTON ASSOCIATES (CONSULTANTS) LTD
Regina House, 1/5 Queen St., London EC4N 1FP
Management Consultants & Executive Search Consultants

Investment Opportunity

An entrepreneurial businessman or company is required to invest £25,000 for a short period in a company run by professional managers. We will pay a return of 30% p.a. on the amount invested. Tangible evidence can be given to show the profitability of the operation.
Write Box E.7935, Financial Times, 10, Cannon Street, EC4P 4BY.

INSURANCE COMPANY

General Insurance Company incorporated in England, licenced but dormant, old and clean, seeks institutional investor to subscribe for capital of £0.5 million. Will also consider alternative proposals of merger, reversal or acquisition. Replies to Box E.7962, Financial Times, 10, Cannon Street, EC4P 4BY.

Could your company earn pre-tax profits of £100,000 or more?

National and Commercial Development Capital Ltd. can provide finance for expanding private and public companies capable of earning pre-tax profits of at least £100,000 after putting NCDC funds to work. For further information ring Richard Battersby 01-623 2362 or write to:—
NCDC
34 Nicholas Lane,
London EC4P 4HX.

BUSINESSMEN AT HOME . . . .

We can put a Telex at your disposal for £25 p.a. If you are on the phone then you can send/receive Telex through our bureau.
01-405 4442 01-404 5011
British Monomarks (Est. 1925)

AIR CHARTER/AIR TAXI

business for sale. A proved profit-making organisation with no financial problems, full air operator's certificate, a fully staffed going concern. Genuine reason for sale. Would sell outright or consider handing over reigns completely but retain minority interest. Full details, including balance sheets, to principals only with financial reference. Minimum investment £20,000. Substantial loan available. Reply in first instance to:

Box E.7451, The Financial Times, 10, Cannon Street, EC4P 4BY.

BRITISH LABORATORY INTRUMENT/LIFE SCIENCES

Company seeks £100,000 to enlarge and strengthen its wholly owned United States subsidiary, which it started in September, 1973 and which now has a turnover of about $300,000 per annum.

Write Box E.7970, Financial Times, 10, Cannon Street, EC4P 4BY.

SWEDEN

We can handle your business in Sweden
- Market surveys, company forming, accounting and auditing.
- Mail collection, telephone answering, translations and secretarial service.
- Fully equipped office and meeting-room facilities.

MERKANTILA-GRUPPEN HB.
LINNEGATAN 15
S-114 47 Stockholm
Tel. 08-60 80 60

A NEW CONCEPT BRINGS COMPANIES AND EMPLOYEES TAX SAVINGS AND FRINGE BENEFITS

TEL. (0522) 791954
FOR BROCHURE

BRANCH OFFICES—

Motivators required to run branch offices for established plumbing and heating company. No experience necessary. Must be self financing for first two or three months—thereafter profit participation of at least £800 a month.
Write Managing Director,
Ambassador Plumbing & Heating Co. Ltd.,
58, Muswell Hill Broadway,
London N10.

SMALL WEST COUNTRY COMPANY

manufacturing specialised sectional wooden buildings with good orders and excellent prospects but under capitalised seeks Investor with £10,000 or more, or would consider outright sale.

Write Box E.7965, Financial Times, 10, Cannon Street, EC4P 4BY.

SHORT-TERM FINANCE AVAILABLE

Unlimited funds available for good class fully secured first Mortgage propositions to be repaid in full within 18 months. Min. rate of 1.5% p.m. "Open ended" bridges considered. Also some funds available for non-consumer second Mortgages. Replies from Principals or Agents for named principals to Box E.7954, Financial Times, 10, Cannon Street, EC4P 4BY.

25% POTENTIAL YIELD

on Industrial Investment Property in London, N.1. Multi-storey, multi-tenanted. Gross rents now approx. £21,000 expected to rise with reviews to £31,500 in 3 years time.

Freehold for sale at £125,000, subject to contract. 40% mortgage available.

Write Box E.7958, Financial Times, 10, Cannon Street, EC4P 4BY.

CAPITAL AVAILABLE

Private source prepared to undertake new business. Will consider serious company liquidity and reconstruction situations.

KONRAD ROBERTS LTD.,
Investment Bankers, 15, George Street, Croydon. 688 1393/1474

SWIMMING POOL COMPANY

with unique products with regard to Swimming Pools, require financial discussion with the view to future expansion or the possible purchase of this part of the business.

Write Box E.7966, Financial Times, 10, Cannon Street, EC4P 4BY.

FRANCE

Consultant in mergers, participations or associations between French and foreign companies.
R.E.M.I. (Mrs. M. F. Sahuc),
5, rue Jobbé-Duval—75015 Paris.
Telephone: 250.77.59

BACKER REQUIRED

either sleeping or active, upwards of £20,000, to promote a new process for curing the asbestos dust in factories etc., on R.S.J's and hot water and steam pipes.

Write Box E.7975, Financial Times, 10, Cannon Street, EC4P 4BY.

Substantial U.K. Company with International Connections and ample Funds available

SEEKS TO PURCHASE AN ENGINEERING AND/OR DISTRIBUTION BUSINESS WITH U.K. AND EXPORT POTENTIAL

Details in writing and strict confidence to:
DW&MS ASSOCIATES,
47 CURZON STREET, LONDON W1.

Pharmaceutical Products Registration

German pharmaceutical research and development firm provides registration services in various countries. Production and distribution can be arranged.
MUCOS GmbH, Nördliche Münchner Str. 20, 8022 München-Grünwald, W. Germany

AN EXCEPTIONAL OPPORTUNITY

exists to acquire a half-share of the equity of a well known West End firm of Estate Agents and Surveyors, established over 40 years. This includes a long lease of a prestige office building at a low ground rent. The retiring partner will remain as a consultant. The total consideration is in the order of £500,000. The other equity partner and non-equity partners and staff will continue in the practice. It is appreciated that this is a delicate matter. Strict confidence will be respected so principals only, please.

Write Box E.7818, Financial Times, 10 Cannon Street, EC4P 4BY.

MEMBER(S) of the STOCK EXCHANGE

with valuable Investment business of long standing wish to confer with competent Stock Exchange firm or Associate Members with view to merger or act as team. Replies, private and confidential, to Box E.7961, Financial Times, 10, Cannon Street, EC4P 4BY.

AN ADVANCED FOLDING BICYCLE — MANUFACTURERS OPPORTUNITY

This unique product is proven in fully operational prototype form. It is simple to use and genuinely as portable as a small suitcase. We anticipate a substantial market. We wish to collaborate with a firm with the capability to carry out a development and testing project leading to production later this year. Interested firms please send relevant details in confidence to A. W. Ritchie, Brompton Bicycle, 33 Egerton Gardens, London, S.W.3.

AMERICAN BANK WANTS ACTIVE PARTNER WITH £20,000 CAPITAL.

Write Box E.7968, Financial Times, 10 Cannon Street, EC4P 4BY.

BUSINESSMAN

in late 30's with wide experience has both capital and financial administrative expertise available for small businesses with growth potential.

Write Box E.7972, Financial Times, 10, Cannon Street, EC4P 4BY.

SENIOR INVESTMENT ANALYST

(40), currently holding senior position with stockbroker and with wide range of experience in Industry and the City, seeks fresh challenge. Part- or full-time, possibly with Institution, Industrial Company or Entrepreneur.
Write Box E.7850, Financial Times, 10, Cannon Street, EC4P 4BY.

MINIMUM INVESTMENT £15,000

Private Company with flexible approach to finance facilities has funds available for investment in manufacturing concerns or Bill Discounting. Write with brief details to:

Box E.7953, Financial Times, 10, Cannon Street, EC4P 4BY.

RAPIDLY EXPANDING

private clothing manufacturing company is seeking quoted "shell" company, preferably with available tax losses. Principals only please, replying to the Chairman at Box E.7956, Financial Times, 10, Cannon Street, EC4P 4BY.

MANUFACTURER'S REPRESENTATIVE FOR U.S.A.

Young, dynamic sales manager available to represent your product or company in U.S.A. Can set-up national distribution for you. Open to all propositions. Excellent references.

Write Box F.426, Financial Times, 10, Cannon Street, EC4P 4BY.

EXPORTS: Small and medium sized manufacturers interested in export sales telephone 047-382 2690.
INVOICE DISCOUNTING. Factoring. EFI arranges the best facility at the best rate at no extra cost. 3 Tudor House, Heath Road, Weybridge Tel. 47682
LEASEBACK FACILITIES available on commercial properties to existing owners or prospective purchasers. Send full details in confidence to Retail Property Investments Ltd., 47 Peter St., Manchester M2 6AU. Tel: 061-834 2510.

BUSINESS INFORMATION SERVICES

The Financial Times is planning to publish a Survey on Business Information Services. The provisional editorial synopsis and date are set out below.

THURSDAY, 8th JULY, 1976

1. **Introduction**
   A look at the various services offered in each of the main categories, i.e. finance, industry, commerce. What kind of information do they provide and how up to date are they? In general, it has been easier to get financial information because companies have to make disclosures in terms of the Companies Act. So services like Extel have done well. But there is some difficulty in getting data on, for example, stocks of materials in the U.K. and abroad. There is at least one effort being made in the Midlands to alleviate this problem.
2. **Microfilm**
   Storing information is vital to keep a running check on one's business. In this regard, the use of microfilm brings obvious benefits and it has been one of the fastest growing sectors in the equipment industry. This article will also explain the best ways to use microfilm, as well as the other information storage tools.
3. **The EEC**
   Spawns a large number of new laws and harmonisation procedures. An examination of how Brussels copes with informing EEC members of how to keep up with the steady flow of new rules in any of its multifarious languages. How U.K. companies can get up-to-date information.
4. **Official Bodies**
   The role that the CBI, TUC, etc., play in disseminating information among their members.

We would point out that the contents and date of the Survey are subject to complete editorial discretion.

For further information and advertising details, please telephone Francis Phillips on 01-248 8000, ext. 456, or write Financial Times, 10, Cannon Street, EC4P 4BY.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Further decline on monetary fears

BY OUR WALL STREET CORRESPONDENT

NEW YORK, May 17.

FURTHER GROUND was lost on Wall Street to-day, attributed to fears of tighter monetary policy.

By 1 p.m. the Dow Jones Industrial Average was down another 7.40 to 985.20 and the NYSE All Common Index gave way another 26 cents to $53.75, while losses led gains by more than a two-to-one margin. But the trading volume further decreased 1.28m. shares to 8.08m., compared with 1 p.m. last Friday.

Closing prices and market reports were not available for this edition.

Brokers attribute selling to steady tightening of credit policy last week by the Federal Reserve, intense new fighting in Lebanon, the report that OPEC Nation's Economic Commission wants to raise crude prices, and the Senate Banking Committee warning that New York City's fiscal plan to avert bankruptcy is endangered by skimpy budget cuts.

Sears, Roebuck fell $1 to $67⅞, despite higher earnings.

Superior Oil were lowered $2½ to $159 on reduced profits.

Du Pont surrendered $1 to $150⅞, although it declared a quarterly dividend of $1.25 a share, up from $1 paid in each of the last four quarters.

Walt Disney also shed $1 to $53.

But Fansteel were lifted $3—Lear Siegler, unchanged at $9⅜, will offer $22 cash for Fansteel shares.

Armco Steel were off $¼ at $31¼—it filed a breach of contract suit seeking $217m. in damages against Allied Chemical, off $1⅞ to $35⅞.

California Financial slipped $1⅞ to $5—United Financial dropped its acquisition plan.

Beker Industries gave way $1⅜ to $9⅜, following bearish Press comment regarding outlook for earnings.

Houston Oil and Minerals moved up $2 to $56¾xd, following an extension to its Bolivar field.

Northrop were down $1¼ to $37 and Zenith $1 to $31⅞.

THE AMERICAN SE Market Value Index fell 0.31 to 104.50, while the turnover dipped 220,000 shares to 960,000 compared with 1 p.m. last Friday.

Syntex eased $¼ to $27⅞, Asamera Oil were off $⅜ to $13⅝.

OTHER MARKETS

Canada lower

Canadian Stock Markets were lower in moderate trading yesterday morning.

Kaiser Resources put on $¼ to $14½ on news that Japanese steel makers, who buy much of Kaiser's coal, expect greater output.

Trimac gave way $1⅜ to $6⅞—it bought a large share of Kenting last week.

Home Oil "A" declined $1¼ to $31, while Cominco lost $1 to $37⅞ after cutting its semi-annual dividend last week.

Imperial Oil shed $⅜ to $24⅜, Inco also were off $⅜ at $34⅝ and Northern Telecom $⅜ at $38¼.

PARIS — Mixed in featureless trading.

Foods, Constructions and Metals were steady, but Properties, Financials, Stores, Electricals, Oils and Chemicals lost ground, while Banks and Engineerings were irregular.

In the Foreign sector, Americans were mixed, as were International Oils, while Golds and Coppers retreated.

BRUSSELS—Mixed to lower in slow and listless trading.

In mostly lower Steels, Hainaut-Sambre lost Frs.30 to Frs.2,295. Metals were mixed, as were Chemicals. Oils tended lower, Holdings finished steady, while Electricals and Utilities were a little easier.

Losses predominated in U.S. shares, South African Gold Mines were easier, Dutch shares firmed, Germans were steady, while French issues eased.

AMSTERDAM — Predominantly higher.

But most Banks declined. Algemene Bank Nederland were down Fls.1, Amsterdam-Rotterdam Bank Fls.0.70, but Slavenburg Bank were up Fl.2. Insurances gained ground. Ennia advanced Fl.4.90.

Most Transportations also rose. KLM were up Fl.2, KNSM Group Fl.0.30, Van Ommeren Fl.1 and Shipping Union Fl.0.90.

Dutch Industrials were narrowly mixed. Bredero Contracting put on Fl.4.

Bonds fluctuated Fl.0.10 to Fl.0.20 either way.

SWITZERLAND — Generally higher in limited trading.

Leading Banks were little changed, as were Insurances, while Industrials were moderately higher.

State Bonds were generally steady in moderate dealings.

Dollar stocks were steady, Dutch Internationals improved, while Germans firmed.

GERMANY — Broadly higher, attributable to increasing optimism concerning the economic development. But trading was moderate.

Banks were all higher. Electricals gained ground. Siemens added DM3.1 on higher first-half year net profits.

Chemicals improved.

Motors firmed. VW were up DM2.10 to DM142.80. Machine Makers gained up to DM7.50. Steels generally improved and Metals were up.

Minings rose, Utilities were steady to higher, Stores mostly gained ground, Breweries were steady.

Domestic Bonds eased up to DM0.30 in a thin turnover. The Regulating Authorities bought DM2.9m. nominal of stock. Foreign Mark Loans were mixed.

COPENHAGEN — Generally quiet.

OSLO—Closed yesterday, Constitution Day.

MILAN—Widely easier on pre-Settlement liquidation pressure. Bonds were narrowly mixed.

VIENNA—Irregular in light trading.

HONG KONG—Sharply lower in increased trading, attributed to fears of an oil price increase after the price freeze expires at end of June.

Hong Kong Bank gave way $HK1.0 to 18.50, Hong Kong Land 35 cents to 6.80, Hutchison 15 cents to 2.70, Jardine 1.20 to 20.30, and Hong Kong and Kowloon Wharf 60 cents to 16.30.

JOHANNESBURG—Gold shares were easier, as were Financial Minings.

Coppers were quietly steady. In Platinums, Bisplat gained 8 cents to R1.75. Other Metals and Minerals were easier. Consolidated Murchison shed 10 cents to R12.90.

Industrials were a shade firmer in quiet trading.

TOKYO—Easy in limited trading—120m. shares—with operators generally reserved in view of continued political uncertainty.

Selective interest was seen in companies expected to announce good business results. Taisho added Y20 at 386. Chugai Pharmaceutical were lifted 34 to 685 in connection with its cancer drug development.

Mitsubishi Gas Chemical advanced Y10 to 242, following reports an International consortium, in which it has a stake, discovered natural gas deposits off Iran.

Matsushita Kotobuki were up Y30 to 1,280, but Matsushita Electric were Y30 lower at 1,910.

Makita Electric were down Y30 to 1880. Kyoto Ceramic Y50 to 4,380, Toyo Kanetsu, Y15 to 360 and Kao Soap Y19 to 541.

Daiwa House put on Y18 to 584, Ezaki Glico Y40 to 1,140, Nisshin Oil Y14 to 300 and Nisshin Spinning Y10 to 388.

Teijin rose Y1 to 158 and Nissho-Iwai Y4 to 236 on their agreement in principle to sell China a polyester fibre plant.

AUSTRALIA — Mixed close ahead of the Prime Minister's statement on the economy.

Pancontinental dropped 30 cents to $10.50, while other Uranium shares little changed.

Among Base Metals, Bougainville lost 4 cents to $1.43, CRA 5 cents to $3.15 and Rove River 3 cents to $1.17. Poseidon dipped 5 cents to $2.20.

CSR fell 8 cents to $4.52 and BHP eased 2 cents to $7.34.

Banks were weaker. Bank of NSW shed 4 cents to $6.24, CBC 2 cents to $2.06 and National 4 cents to $3.86.

Indices

NEW YORK —DOW JONES

	May 14	May 13	May 12	May 11	May 10	May 7	1976 High	1976 Low	Since compilat'n High	Since compilat'n Low
Industrials	992.60	1001.10	1006.67	1006.61	1007.48	996.22	1,011.02 (21/4)	858.71 (2/1)	1051.70 (11/1/73)	41.22 (2/7/32)
Home Bonds	72.55	72.52	72.48	72.57	72.67	72.78	75.80 (22/4)	68.11 (2/1)	—	—
Transport	219.54	218.14	220.28	220.61	218.58	214.15	220.61 (11/5)	175.69 (2/1)	279.88 (7/2/69)	15.23 (8/7/32)
Utilities	86.88	87.30	87.56	87.46	87.55	87.67	91.90 (4/2)	84.94 (2/1)	163.32 (20/4/65)	10.56 (28/4/42)
Tr'ding vol 000's ‡	16,900	16,750	18,510	25,880	22,760	17,810	—	—	—	—

	May 7	April 30	April 23	Year ago (approx.)
Ind. div. yield %	3.72	3.70	3.69	4.54

STANDARD AND POORS

	May 14	May 13	May 12	May 11	May 10	May 7	1976 High	1976 Low	Since compilat'n High	Since compilat'n Low
*Industrials	115.82	114.89	115.56	115.77	115.67	114.55	116.67 (24/3)	101.64 (2/1)	134.54 (11/1/73)	3.52 (30/6/32)
†Composite	101.84	102.16	102.77	102.88	105.10	101.88	108.51 (5/4)	90.90 (2/1)	120.24 (11/1/73)	4.40 (1/6/32)

	May 12	May 5	April 29	Year ago (approx.)
Ind. div. yield %	3.36	3.44	3.35	3.65
Ind. P/E Ratio	13.94	13.68	13.85	10.75
Long Govt. Bond yield	8.79	8.60	8.58	60.0

N.Y. S.E. ALL COMMON

May 14	May 13	May 12	May 11	1976 High	1976 Low
54.01	54.45	54.74	54.24	55.20 (5/4/76)	57.08 (2/1/76)

Rises and Falls May 14

Issues Traded—1,858 Up—841
Down—997 Same—426
New Highs—21 New Lows—57

MONTREAL	May 14	May 13	May 12	May 11	1976 High		1976 Low	
Industrial	—	—	—	—	205.67	(25/2)	176.62	(2/1)
Combined	—	—	—	—	198.67	(24/2)	172.87	(2/1)
TORONTO Industrial	188.90	188.99	189.51	194.77	197.46	(20/2)	175.61	(2/1)
JOHANNESBURG Gold	200.8	205.0	205.6	207.8	225.7	(12/5)	174.5	(2/4)
Industrials	211.8	212.5	212.1	212.8	212.8	(10/5)	185.6	(9/4)

	May 17	Previous	1976 High	1976 Low
Australia (a)	466.65	467.41	472.91 (13/4)	445.62 (6/1)
Belgium (b)	102.13	102.21	115.12 (6/2)	101.63 (10/6)
Denmark (d)	104.84	104.84	107.79 (27/1)	100.20 (10/6)
France (e)	65.2	65.4	74.5 (5/5)	65.3 (17/5)
Germany (f)	756.1	749.0	821.7 (17/3)	746.9 (13/5)
Holland (g)	97.4	96.9	105.5 (6/2)	95.4 (7/5)
Hongkong (h)	358.66	403.51	455.53 (17/3)	354.63 (2/1)
Italy (k)	74.11	76.17	81.37 (25/2)	72.20 (4/5)
Japan§ (m)	341.19	341.70	344.51 (24/5)	335.25 (5/1)
Singapore (n)	—	258.46	282.18 (5/3)	258.36 (2/1)
Spain (p)	(c)	96.76	100.79 (7/5)	85.44 (1/4)
Sweden (q)	459.2	470.11	476.96 (10/5)	384.55 (19/1)
Switz'rl'd (r)	283.9	282.5	286.6 (12/5)	221.6 (4/5)

Indices and base dates (all base values 100 except NYSE All Common—50, and Standards and Poors 10): (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73. (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970. (h) Hang Seng Bank 31/7/64. (k) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966. (p) Madrid SE 31/12/74. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp. 31/12/58. (u) Unavailable. § Excluding bonds. * 425 Industrials. † 425 Inds., 50 Utilities and 25 Rails. (c) Closed.

Pound lower

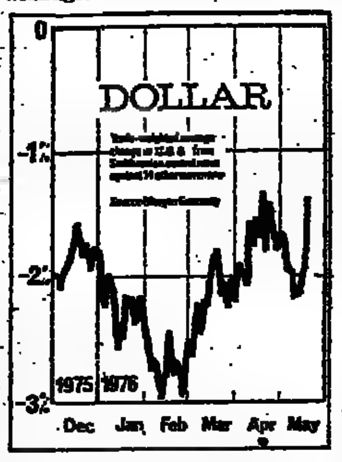
Sterling lost ground in the foreign exchange market yesterday, with the trade-weighted average depreciation of the pound widening to a record close of 37.9 per cent. from 37.7 per cent. on Friday. There was a slight recovery from the noon level which equalled the all time low of 38.2 per cent.

The pound, as well as other major currencies came under early pressure from a fast improving U.S. dollar. The latter was boosted by indications of firmer interest rates brought about by a tightening of U.S. monetary policy. Sterling seemed harder hit than most, and after opening at $1.8155-1.8165 in terms of the dollar, it slumped to an all time low of $1.7975 around noon.

There was evidence that around this level the Bank of England gave some assistance, and this together with a modest late demand from New York, helped the pound recover to $1.8040-1.8050 by the close, a fall of 1¼ cents on the day. Sterling was also affected by the depressing U.K. trade figures for April announced on Friday, and the monthly retail price index registering its biggest increase since June, 1975. Against major European currencies, the pound remained largely unchanged on balance.

The trade-weighted average depreciation of the dollar, as calculated by Morgan Guaranty of New York, on noon rates narrowed to 1.38 per cent. from 1.78 per cent. The dollar finished at DM2.5825 in terms of the West German mark against DM2.5520. The Canadian dollar also lost ground to the U.S. dollar closing at $1.0187½ from $1.0205¼ previously.

Gold had another quiet day closing unchanged at $127⅞-128⅜ an ounce. The Krugerrand's premium over its gold content remained unchanged at 2.53 per cent. for domestic delivery, and narrowed from 3.42 per cent. to 2.83 per cent. in international dealings.



SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	May 14	May 13
Sterling	0.629242	0.629732
U.S. dollar	1.15058	1.15115
Belgian franc	45.0086	44.8776
Deutsche mark	2.94037	2.93083
French franc	5.40075	5.39112
Italian lira	975.235	978.305
Japanese yen	343.791	343.964
Dutch guilder	3.12098	3.11041
Swedish krone	5.07318	5.06448
Swiss franc	2.87294	2.86176

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

May 17	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frankfurt	—	2.5795-5805	54.55-62	6.54-56	4.639-643	94.31-36	102.41-45
N. York*	39.00-02	—	21.25-27	2.554-567	1.8150-8160	36.8-42	39.95-.94
Paris	183.10-50	4.713-723	—	11.985-.020	8.4865-5100	172.65-.05	187.575-975
Brussels	15.26 29	39.35-38	8.33-46	—	70.35-.01	14.40-44	15.60 64
London	4.659-662	1.8040-805	8.531-54½	71.10-30	—	4.931-941	4.541-554
Am'rd'm	106.035 065	.7277-7302	57 535-585	6.9415-65	4.9155-205	—	98.565-615
Zurich	97.55-57	2.5212 37	52.28-33	6.391-401	4.5410-5455	92.12-19	—

U.S. $ in Montreal, U.S. $ = 98.04-06 Canadian cents. Canadian $ in New York, C$ = 102.04-06 U.S. cents. U.S. $ in Milan 860.0-861.0. Sterling in Milan 1551.75-1553.75. * Rates for May 14.

EURO-CURRENCY INTEREST RATES

GOLD MARKET

FOREIGN EXCHANGES

OTHER MARKETS

FORWARD RATES

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £—123% (122⅛%)

NEW YORK

CANADA

GERMANY

MILAN

BRUSSELS/LUXEMBOURG

PARIS

SWITZERLAND

AMSTERDAM

AUSTRALIA

TOKYO

STOCKHOLM

COPENHAGEN

VIENNA

OSLO

JOHANNESBURG

SPAIN

FARMING AND RAW MATERIALS

Wool price support to be flexible

By Our Own Correspondent

CANBERRA, May 17.

[F]OLLOWING A marked improvement in the wool market, the [Au]stralian Wool Corporation is introducing flexible reserve [pri]ce operations of levels above the "floor" quotation. This is the first time that flexible prices have been operated since the introduction of the minimum [pri]ce scheme in September 1974.

From to-morrow, it will fix minimum average prices on a daily basis above the floor price [of] 250 cents a kilo for clean 21 micron wool.

This will, in effect, raise the [flo]or price for types in good demand, removing the opportunity for "bargain" sales that might arise from quirks in the market. The effective floor price will not be known to buyers.

Reintroduction of the system has also been made possible by a steady reduction of the Corporation's own stockpile — now down to less than 1m. bales after its peak at 1.9m.

To-morrow's wool sales are in Sydney, Geelong and Albury.

Sterling fall holds metals prices steady

BY JOHN EDWARDS, COMMODITIES EDITOR

A SHARP fall in the value of sterling yesterday kept metals prices steady on the London Metal Exchange, when a general decline had been expected.

Copper prices moved ahead in early trading, but there was not enough buying interest to sustain the upward move, copper cash wirebars closing only £5 a tonne higher, at £840.5.

This was despite a steady tone in the New York market, and an unexpectedly small rise in LME copper stocks, up by only 150 tonnes to a total of 538,225.

Although the Straits tin price in Malaysia rose over the weekend, London values failed to respond much to the decline in sterling: cash tin closing only £21 a tonne higher, at £4,122. The market also ignored a bigger-than-expected decline in tin stocks—down by 770 to 8,230 tonnes.

Zinc stocks jumped by 6,875 tonnes to 63,225, but this was in line with expectations. However, for the first time since the plea by the LME committee for members to halt non-trade business, zinc prices gained some ground, the cash quotation closing £1.25 a tonne higher, at £426.5, although losing ground afterwards in late kerb trading.

Lead stocks declined by 325 tonnes, to 76,850, while LME silver holdings were unchanged at 15.6m. ounces.

Copper trends

The debate continues on the Metal Exchange about the controversial move by the Committee to restrict non-trade business, but the market appears to be settling down after the initial shock reaction.

In copper, the dilemma of speculative ("investment") buying interest against fundamental supply-demand influences on prices is highlighted in the second edition of Copper Trends 1970-78, issued to-day by Amalgamated Metal Trading.

The report points out that the basic supply and demand position of copper continues to indicate an increasing surplus of refined copper in the period to 1978.

But it adds that the past movement in commodity prices in general, the rate of historic inflation, volatile currency markets and the low copper price in relation to costs of production have attracted considerable investment funds.

For this reason, the report on this occasion includes a chart and interpretation prepared by Chart Analysis, which forecasts a further advance in the three months copper price, to £1,100, before the end of 1976 and an objective of approximately £1,400 in 1977.

Copper Trends, suggests however, that cash copper is likely to reach between £925-£975 in 1976, and £1,100-£1,200 in 1977, based (prophetically) on a sterling exchange rate of $US1.80.

Cocoa, sugar and coffee prices rise

By Our Commodities Staff

THE RENEWED weakness of sterling boosted cocoa, coffee and sugar values on the London terminal markets yesterday. But with fundamental factors conspicuous by their absence all three markets finished well below the day's highs.

The pound's decline enabled the cocoa market to shrug off the "bearish" tendency displayed in late dealings on Friday. After opening higher, the July position quickly established a £20 "permissible limit" advance.

When trading resumed, July cocoa made further ground, reaching £1,074 a tonne at the peak, but a late sell-off trimmed prices and the July quotation closed only £11 up on the day at £1,057.5 a tonne.

Coffee prices also finished in the middle of the day's range, the July position closing at £1,441 a tonne, up £6 on the day after reaching £1,450 at one stage.

Sugar futures, meanwhile, made modest gains, the October position closing £2.75 higher at £196.125 a ton. The London daily raw sugar price was earlier fixed at £192 a ton, up £4.

UNCTAD COMMODITY PROGRAMME

Cold water poured on stockpile plan

BY OUR NAIROBI CORRESPONDENT

WITH COMMODITY buffer stocks and their financing assuming crucial importance in the UN Conference on Trade and Development talks here, special attention was given to spokesmen of five commodity associations, covering trade in tin, coffee, cotton, cocoa and sugar.

The International Cotton Advisory Committee poured cold water on the UNCTAD plan for organised buffer stocks under the integrated programme for commodities. Mr. J. C. Santley, executive director of the Committee, said that in theory cotton buffer stocks, properly administered and financed and embodying realistic price provisions, could contribute to price stability.

Most Committee delegates felt, however, that after the initial price supporting effect of setting up the buffer stock, "the very existence of such stocks would tend to exert a price depressing influence and thus be detrimental to producers."

Mr. Santley pointed out that technical problems, such as fixing grade and staple differentials, would be formidable. It was felt by some that any buffer stock system would need to provide safeguards against excessive production. Most Committee delegates took the position that, despite its imperfections, the present marketing system for cotton "would seem to offer greater benefits to both growers and consumers."

The sugar representative, Mr. E. J. Parry, executive director of the International Sugar Agreement, said most members, especially among exporting countries, "have reached the conclusion that the practical problems of segregating sugar stocks and the costs of holding them would make a buffer stock unacceptable as the sole mechanism for stabilising prices on the free market."

There was widespread recognition, however, of the part that stocks, even if nationally held, should play in price stabilisation. "Since the enlargement of the free market to about 15m. tons—owing to suspension of the U.S. Sugar Act—a bigger stock will be needed than under the 1968 agreement, and the cost may again prove an obstacle for some of the developing exporting countries."

There has been a suggestion that producing countries should be helped to meet the burden of holding sugar off the market when the price falls below the minimum of the range. Consideration should be given to the possibility of obtaining loans from international banks, or even drawing on a central fund.

IMF facility

The International Tin Organisation "regretted" that the World Bank had not been able to work out a satisfactory basis for loans to the tin buffer stock. The IMF facility was of some assistance to producing members, but was restricted to those with a balance of payments need.

Mr. Harold Allen, executive director of the Organisation and chairman of the International Tin Council, said attention was being given to financing buffer stocks, whether through the central facility proposed in UNCTAD's integrated programme, or through an international resources bank proposed by the U.S.

Mr. Allen said the tin agreement enabled the Council to defend the floor price. "Through the recent severe recession, it had protected tin producers from a collapse of the tin price and the buffer stock also intervened to mitigate the effects of serious market fluctuations."

The first test of the 1976 International Coffee Agreement would be whether it inspired exporting members with the confidence to adopt rational production policies, resulting in stable prices, said Mr. Alexandre Beltrao, executive director of the International Coffee Organisation.

"With the full co-operation of exporting members, a major effort is being made to establish the amount of coffee held in the form of carry over stocks," he said. By October 30 this year, there should be a clear picture of the carry over in exporting countries.

Although the 1975 International Cocoa Agreement was perhaps not the perfect instrument to satisfy the aspirations of all concerned, it did command overwhelming support from members of the International Cocoa Organisation, said Mr. U. K. Hackman, its executive-director. He urged all member governments of UNCTAD to support it.

It was no mean achievement that cocoa producers and consumers had found a successful formula for financing the buffer stock.

Mr. Hackman said "The debate on which mechanisms suit which commodities best will doubtless continue for some time. But while the mechanisms of the Cocoa Agreement have not been fully tested, it might be imprudent to discard them for something which would be entirely new and untested."

New EEC sugar price talks

BY ROBIN REEVES

BRUSSELS, May 17.

AFRICAN, Caribbean and Pacific sugar exporters were trying this evening to break the deadlock over the EEC guaranteed minimum price for Britain's supplies of raw cane sugar.

As the Council of Agricultural Ministers of the Nine met here to discuss, among other things, an improved offer to the ACP sugar producers, representatives of the producers were waiting in the wings to give their reaction and possibly put up counter-proposals.

The Brussels Commission was reported to be proposing at least one improvement — the back-dating of the eventually agreed price to March 1. This compares with the ACP's final bid for back-dating to operate from February 1.

But the signs were that M. Pierre Lardinois, the Agricultural Commissioner, was not inclined to recommed going beyond the 26 Units of Account per 100 kilos guaranteed minimum, which was his "positively final offer in excess of the Council negotiating mandate," when negotiations with ACP Ministers broke down at the beginning of the month. The producers at that stage were holding out for at least 27.5 U.A. per 100 kilos.

At the start of the meeting, Mr. Fred Peart, U.K. Minister of Agriculture, called on the Council to settle the level of preferential access for fixed quantities of New Zealand butter to the British market during the period 1978/80, one of Britain's "renegotiation" demands.

It was decided to discuss this issue to-morrow, but there was widespread feeling among observers that delaying tactics by EEC butter-exporting members will continue to prevent a decision.

Ministers were planning to-night to discuss the impact of the latest Italian emergency import restrictions on the workings of the Common Agricultural Policy.

Rubber workers win pay rise in Malaysia

By Our Own Correspondent

KUALA LUMPUR, May 17.

MALAYSIAN RUBBER and palm oil workers are to get pay increases ranging from 12 to 40 per cent. under a new wage agreement signed to-day.

The agreement, valid for three years, will cost members of the Malayan Agricultural Producers' Association (MAPA) an additional 20m. ringgits (£5m.) annually, and will benefit 100,000 workers. A similar agreement is expected to be reached between the union and non-MAPA estates soon, covering another 50,000 workers.

Under the new agreement, a rubber tapper's basic daily wage goes up from 3.2 ringgits to 3.6 ringgits, while the wage for women field workers goes up from 2.75 ringgits to the same level as male field workers.

A MAPA spokesman said the basic wage was based on a price of 132 cents per kilo for rubber, but with current prices well above that level, the daily take home pay of the average estate workers should be around 7 to 8 ringgits (148p to 169p).

Olive oil estimate raised

MADRID, May 17.

[TH]E INTERNATIONAL Olive [Oi]l Council (IOOC) now puts [wo]rld olive oil production for [th]e 1975-76 crop year at 1,653,400 [to]nnes, against 1,368,300 last [ye]ar and its November forecast [of] 1,599,000.

It says Spain will show a large [in]crease, to 450,200 tonnes, from [...]6,100 in 1974-75, and estimates [It]aly's production at 580,000 [to]nnes (432,700), Tunisia's [...]0,000 (117,000) and Greece's [...]0,000 (190,000).

[R]euter

PALLADIUM PRICE LIFTED

Rustenburg Platinum Mines' [mi]nimum price for palladium is [in]creased to $45 (£25) a troy [ou]nce to-day Johnson Matthey [h]as announced. It was previously [$]40 (£21). The prices of other [p]latinum group metals are unchanged.

Unfair farm support attacked

BY PETER BULLEN

MR. Erling Kristiansen, the Danish Ambassador, launched a swingeing attack yesterday on EEC countries who unfairly subsidised their farming industries. It could lead to "backsliding into protectionism" he warned in London.

"It has always been very difficult to ensure compliance with EEC rules governing state support, but the last few years have seen serious transgressions of these rules," he said.

It was essential for the realisation of equal conditions for all producers in the Community that competition was not distorted by national subsidy or support schemes.

"If the trend is not reversed, we may find in the future that there is no Common Market in agricultural products, and the free market in industrial products might be threatened also because the balance of interests has been upset."

Mr. Kristiansen, who was opening the "Denmark Comes to London" exhibition of food and drink products, also criticised the structure of European agriculture. "There are too many, too small, and too inefficient agricultural holdings to take into account when prices in the CAP are determined."

But Denmark supported the CAP and the principles on which it was based without reservation.

Opec to support world food fund

BY ANTHONY ROBINSON

ROME, May 17.

THE SEARCH for a new institutional framework within which to attack world hunger problems in the short and long term moved a major step forward in Paris last week. OPEC special fund directors decided to contribute $400m. to the proposed International Fund for Agricultural Development (IFAD).

Details of the proposed new fund were discussed in Rome last week at a preparatory meeting of the Food Council, whose Secretariat has been responsible for breathing life into the IFAD plan.

A final decision to set up the fund as a new UN agency will be taken at a special conference in Rome on June 10 and 11, attended by UN Secretary General, Dr. Kurt Waldheim.

Several hurdles still have to be overcome, however, not least of which is the fact that the U.S. pledge of $200m. depends on total donations to the fund reaching $1bn. Up to now, donations pledged by developed countries, including the U.S., total $465m., including $30m. by the U.K. and $50m. each by Japan and West Germany.

France and Italy are among the countries which have yet to pledge funds, apart from the USSR which remains aloof.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

The weakness of sterling was again the major reason for the rises in base metal prices. Forward Copper opened after at £870, reflecting the initial fall in sterling and rose to £872 in early trading [illegible]

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	840.40	+12	840-1	+5
3 months	867.5	+16.2	868.5-9	+6.25
Settlem't	840	+12		
Cathodes				
Cash	830.5	+10	834.5	+5.25
3 months	857.5	+11.7	860.1	+7
Settlem't	830.5	+10		
U.S. Prod.			*70	

TIN—Moved further ahead following the overnight rise in Penang and the decline of sterling against the U.S. dollar. [illegible]

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade £				
Cash	4126.30	+38	4120.5	+21
3 months	4245.50	+35	4235-40	+21.5
Settlem't	4130	+30		
Standard				
Cash	4125.30	+38	4120.5	+21
3 months	4240.5	+35	4230-5	+21.5
Settlem't	4130	+30		
Straits E	[illegible]			
New York	[illegible]			

LEAD—[illegible]

ZINC—[illegible]

SILVER

[illegible]

COCOA

[illegible]

FREIGHTS

[illegible]

COFFEE

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

GRAINS

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible]

JUTE

[illegible]

COTTON

[illegible]

PRICE CHANGES

Prices per ton unless otherwise stated.

[illegible]

FINANCIAL TIMES

[illegible]

REUTER'S

[illegible]

DOW JONES

[illegible]

MOODY'S

[illegible]

World pulp processing assessed

By Our Commodities Staff

ROME, May 17.

BY 1980, the total world production capacity for paper grade wood pulp will be 149.6m. tonnes compared with 126.8m. in 1975, the UN Food and Agricultural Organisation estimates. The growth, between 1975 and 1980, will be at an annual rate of 3.4 per cent.

The estimate for total world paper and paperboard capacity by 1980 is put at 206.1m. tonnes compared with 175m. last year. The report by an FAO advisory committee says that the rate of growth of this capacity from 1975 to 1980 would be 3.3 per cent. per year.

Figures in the FAO study, which come from 94 countries, mainly through trade associations and the industry, are compiled director-general in charge of the annually.

Dr. K. F. S. King, assistant FAO Forestry Department, told the group that the creation of pulp and paper mills in developing countries, especially those with large resources of mixed tropical hardwood forests, needed to proceed at a much more rapid pace to meet increasing requirements of these countries.

He said the industry must concern itself more with developing countries through the transfer of technical know-how, co-operation and training facilities, as well as investments.

RATS DESTROY PHILIPPINES RICE

MANILA, May 17.

RATS WERE destroying rice in more than 200,000 hectares of land in Central Luzon, Philippines, officials said here.

They are asking President Ferdinand Marcos to declare the area—about 30 per cent. by the Central Luzon ricelands—a disaster area and to provide special assistance to combat the pest.

Reports of rat infestation have also come in from other parts of the country.

The Philippines is expecting a bumper rice crop this year that could allow it to begin exports after July, trade sourses added.

Reuter

GRIMSBY FISH—Supply good, demand good. [illegible]

STOCK EXCHANGE REPORT

Markets drift lower on fresh weakness in sterling

Index 6.2 off at 401.0—Dealings in ICI rights disappoint

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
May 3	May 13	May 14	May 25
May 17	May 27	May 28	Jun. 9
Jun. 1	Jun. 10	Jun. 11	Jun. 22

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Unsettled by the weakness in sterling, stock markets made a poor start to the account yesterday. British Funds gave ground, with dullness more noticeable at the short-end of the market where closing falls ranged to ½. Losses in mediums and longs extended to ⅜ and occasionally more and the Government Securities index closed 0.18 down at 63.21, for a loss of 0.50 over the last four trading days.

The eagerly awaited start of dealings in Imperial Chemical "rights" proved disappointing, the new shares opening at around 49 premium and falling away to close at 44 premium after a modest turnover. It was a similar story in the other equity leaders, with prices drifting lower on scattered selling and lack of support. There was a slight hardening tendency in places in the very late trading, but most final quotations were at the lowest of the day and the FT 30-share index finished at the day's worst with with a fall of 6.2 at 401.0, its biggest one-day loss for just over three weeks when Minimum Lending Rate was raised by 1½ per cent. in the defence of sterling.

Secondary issues also passed a rather lifeless session, although there were a few features to relieve the boredom. Overall, changes were few and far between, but falls led rises by just over 2-1 in FT-quoted Industrials. The FT-Actuaries All-Share index gave up 0.6 per cent. to 166.58. The continuing relatively low level of activity, particularly for the start of an Account, was reflected in officials markings of only 5,606.

The weakening pound cast its shadow over short-dated British Funds, crushing recent hopes that Minimum Lending Rate would fall a shade in the next week or two. A certain amount of selling was thus none too well received and, although tentative rallies were attempted, the close was virtually the day's worst with losses extending to ⅜. Medium and longer maturities were less affected, the latter ending only ¼ down, after ⅜, in a very small business. Corporations ended their recent good run, showing falls extending to a full point, this being partly caused by the £25m. issue of new City of Birmingham, 13 per cent., 1983, stock, to be offered at 99.

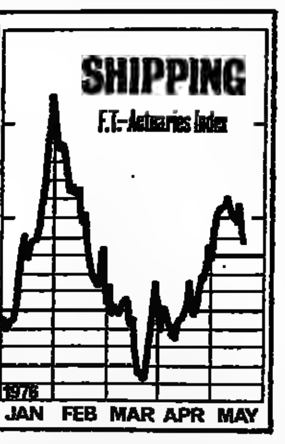
Once again, the investment currency market appeared to disregard the fall in sterling and the premium, after improving slightly to 124 per cent., closed only a ¼ higher at 123 per cent. Yesterday's SE conversion factor was 0.6462 (0.6390).

HK and Shanghai dull

Hongkong and Shanghai were a dull feature in Banks, falling 16 to 322p on Far-eastern advices. Elsewhere, in overseas issues, Australia and New Zealand, in ex-rights form, hardened 3 to 468p, while the "new" nil-paid shares opened and closed at 124p premium. The big four Banks were neglected and drifted easier, with Midland and National Westminster both losing 3 to 285p and 235p respectively. Elsewhere, Allied Irish improved 4½ to 102p xd, and Bank of Ireland "new" nil-paid put on 3 to 42p premium. UDT were marked-up a penny to 23p following Press mention in Hire Purchases.

Adverse Press comment in the wake of last week's poor first-quarter profits statements from "Royals" and General Accident restricted business in Insurances which generally eased on lack of support. "Royals" shed 2 to 306p, after 304p, and General Accident receded a similar amount to 161p.

Small losses were the order of the day in Breweries after a thin trade. Bass Charrington, 93p, and Arthur Guinness, 130p, both receded 2, while Press suggestions that the company will soon announce fund-raising plans left Wolverhampton and Dudley a penny easier at 136p.



Movements in Buildings were generally confined to companies making trading statements. French Kier celebrated the return to profitability with a penny rise to 13½p, while Cakebread Robey "A" hardened 1½ to a 1976 peak of 19½p on the increased dividend and higher earnings. Beaver Group moved up 3 to 61p in front of to-day's preliminary statement, while David Charles closed a penny harder at 14p following Press comment. Streeters made no apparent response to the results, closing unchanged at 60p, while S. Miller were called a fraction easier at 12p ex the scrip issue.

ICI were quoted ex the "rights" issue yesterday, the new nil-paid shares opening at 49p premium and closing at 44p premium after a disappointing trade, while the old finished 5 cheaper at 372p.

Stores neglected

Movements of significance were few and far between in Stores. "Gussies" "A" touched 201p briefly following Press comment before closing only a penny better on balance at 199p, but Marks and Spencer, 95p, and House of Fraser, 88p, closed without alteration. E. Shepherd were notable for a rise of 5 to 47p in a thin market, while modest gains were also recorded by A. J. Gelfer, 38p, and Morris and Blakey, 58p xd. Lee Cooper contrasted with a fall of 4 to 70p. Following their respective scrip issues, Church were steady at 68p, while Pittard Group eased 1½ to 50p in shoes.

Electricals failed to escape the general market lethargy. EMI were finally unchanged at 247p xd, after 249p, while Plessey, 75p, and General Electric, 158p, both closed a penny cheaper. Farnell Electronics reacted 3 to 94p, while Thorn Electrical "A," 258p, and H. Wigfall, 145p, lost 4 and 7 respectively. Fidelity Radio were another dull spot at 65p, down 2, on the disclosure of reduced earnings. Louis Newmark, however, moved up another 5 to a 1976 peak of 110p.

As the chairman's additional remarks at yesterday's meeting began to filter through piecemeal to the market, Tube Investments reacted quite quickly and the close was 14 lower at 354p; his reference to current profitability was held particularly unsettling. Hawker, too, came on offer in ex-dividend form and lost 9 to 456p, but GKN were relatively steady, losing only 1 to 320p, after 318p. Newspaper comment together with the sharply higher profits forecast lifted Flnidrive 7 to 32p and Robert Riley rose 3 to 14p on news that United Spring had acquired a 20 per cent. stake. Herbert Morris continued upwards to 114p, for a fresh gain of 6, but E. E. Jeavons remained at 62p following the formal offer from Pentos. Increased profits raised West Bromwich Spring 1½ to 18p. Elsewhere, Wagon Industrial gained 5 to 101p, but Wolseley-Hughes fell that much to 128p. Acrow issues were quoted ex the scrip issues at 66p for the Ordinary and 61p for the "A."

Alpine Soft Drinks provided a minor feature in otherwise little-changed Foods, improving 8 to a 1976 peak of 128p in response to small buying in a restricted market; the preliminary figures were announced June 10 last year. J. Lyons closed 2 cheaper at 104p following Press comment, while Tate and Lyle gave up a like amount at 289p despite news that the company's agro-industrial engineering division has been awarded a £22m. contract for the design, supply, and erection of a Turnkey sugar factory in Venezuela.

Gross cash weak

Miscellaneous Industrial leaders generally eased in thin trading. Bowater, 211p xd, and Turner and Newall, 144p xd, both lost 4, while Glaxo gave up 2 to 413p. Beecham, awaiting preliminary results on Thursday, closed unaltered at 375p. Pilkington Bros. receded 5 to 330p, but Unilever moved against the trend, hardening 2 to 482p following Press comment ahead of to-morrow's quarterly figures. Hong Kong issues reacted further on domestic influences, Jardine Matheson closing 21 down at 357p and Swire Pacific 6 lower at 152p. Further consideration of the loss and final dividend omission brought about a fresh fall of 3½ to 28p in Gross Cash Registers, making a two-day decline of 10. Gomme Holdings (interim figures due next Tuesday) lost 3 to 93p, while Hawkins and Tipson fell 4 to 67p as did Macfarlane to 54p. Redfearn National Glass, at 86p, lost 3 of last Friday's gain of 10 which followed the doubled profits. Renwick reacted 3 to 25p. Press mention brought about modest improvements in Johnson Matthey, 385p, Fine Art Developments, 23p, and B. and I. Nathan, 42p xd.

British Leyland featured Motors and Distributors, rising 5 to 35p on the first half return to profitable trading. Frank G. Gates continued firmly, improving another 10 to a 1976 peak of 87p in further response to last week's preliminary figures and scrip issue proposal.

The return to normal working conditions in Fleet Street assisted Beaverbrook "A," up 1½ at 22½p, but failed to stimulate other Newspapers which were generally a shade easier on the day. Paper/Printings moved marginally in either direction.

Oils outstanding

Shell headed the day's list of active stocks, despite revived reports of a pending "rights" issue; institutional demand was substantial which, coupled with buying of a hedging nature, lifted the price 10 to 453p. British Petroleum also traded freely and closed similarly dearer at 675p along with LASMO/SCOT which ended at 210p. Ultramar, a depressed market recently, revived 4 to 164p and Tricentrol new nil-paid shares, after easing to 1½p premium, settled only a net ½ lower at 3p premium; the latter's old shares improved 2 to 48p. Burmah were overshadowed and unchanged at 36p, but overseas and investment currency influences raised Royal Dutch a point to £40½. Elsewhere, Siebens (U.K.) remained out of favour at 145p, down 15.

General market conditions militated against a more favourable reception of both the Town and City and London City and Westcliff announcements. The former, which has sold its Europoint Building in Rotterdam for some £25m., eased slightly to close ½ cheaper at 13p, after 12½p, while London City and Westcliff rose 1½ to 19½p on news that Lonrho (2 better at 89p, after 93p) had acquired a stake of 29.9 per cent. from three major shareholders at 22p per share. Other Properties eased a shade with Land Securities 1 softer at 152p and Raglan ½ lower at 2½p, the latter after the increased loss. Overseas advices lowered Hong Kong Land 6 to 120p.

Overseas Traders displayed no set trend after a small trade. Gill and Duffus hardened 2 to 172p and Paterson Zochonis improved 5 to 200p, but Inchcape lost the latter amount to 425p.

Doubts about second-half prospects caused jobbers to mark Akroyd and Smithers down despite a good first-half performance and the shares closed 7 easier at 203p in Trusts and Financials. Smith Bros. were called 2 easier at 47p in sympathy. Further consideration of the bid from Harcourt Irish Holdings left New Bridge 5 lower at 30p, while losses of 3 were sustained by Dalgety, 280p, and Lampa Securities, 99p. Hong Kong stocks gave ground on domestic advices. International Pacific Securities and Jardine Securities ran back 8 and 5 respectively to the common level of 132p.

In narrowly mixed Shippings, Furness Withy edged forward a penny to 221p in front of to-day's results, but Ocean Transport, ex the dividend, ended 4 down at 136p. P & O Deferred gave up 2½ to 107p.

Textiles had little to commend them. "Snia-Viscosa" were dull at 128p, down 12. William Reed cheapened 2 to 30p and, ahead of Thursday's results, Coats Patons eased a shade to 67p. Tomkinsons, however, improved 2 to 65p. The Tobacco majors traded quietly and were virtually unaltered at the close.

South African Industrials declined throughout the list. Abercom Investments were lowered 10 to 200p, while Gold Fields Properties, 68p, and Hulett's Corporation, 160p, gave up 12 and 25 respectively. Anglo-American Industrial ended 25 cheaper at 575p as did Tiger Oats at 560p.

Platinum suspensions

The main talking point in otherwise quiet mining markets was the suspension at their request, of the Rustenburg holding companies' shares, Potgietersrust, Union Platinum and Waterval, at Friday's closing quotation of 158p, 162p and 171 respectively. This followed news that they are having discussions regarding the possible merger of their interests into a single holding company, namely Potgietersrust.

Lydenburg Platinum also requested the suspension of its shares at 120p in view of its 25.6 per cent. holding in Waterval. Bishopsgate Platinum, however, rose 5 to 117p, after touching a year's peak of 122p.

On the other hand, South African Gold shares drifted in idle trading reflecting the early modest easing of the bullion price, which was finally unchanged at $127.875 per ounce, and technical arbitrage considerations.

Among the marginals, Daggafontein (6p) were suspended at the company's request pending their formal delisting.

South African Financials mirrored Golds. Cape offering lowered "Johnnies" £1¼ to £[illegible] but on the other hand, Transvaal Consolidated Land, which holds over 17 per cent. of Union Platinum, rose ¼ to £11.

In the London-based [illegible] Selection Trust rallied in [illegible] dealings, the shares closed [illegible] higher at 465p and the "new" put on 7 to 59p. premium.

Among Coppers, Botswana R[illegible] fell 8 to 67p owing to profit-taking. Tins were quietly mixed.

Australians lacked direction reflecting the uncertain trend [illegible] overnight home markets. Poseidon, a firm market of late, rose 10 to a 1976 high of 230p. Elsewhere, Laurasia put on 6 to 55p [illegible] favourable Press comment.

FINANCIAL TIMES STOCK INDICES

—	May 17	May 14	May 13	May 12	May 11	May 10	A year ago
Government Secs.	63.21	63.39	63.46	63.62	63.71	63.43	57.57
Fixed Interest	63.22	63.34	63.35	63.40	63.18	62.91	57.14
Industrial Ordinary	401.0	407.2	408.5	412.9	417.2	415.5	353.4
Gold Mines	174.9	177.7	182.8	184.1	192.0	190.8	408.9
Ord. Div. Yield	5.36	5.19	5.17	5.11	5.07	5.09	5.86
Earnings Y'ld % (full)(a)	15.33	15.04	15.01	14.82	14.71	14.84	17.21
P/E Ratio (net) (a) (b)	9.67	9.86	9.89	10.01	10.08	10.00	8.16
Dealings marked	5,606	5,238	6,700	6,805	5,270	4,922	6,961
Equity turnover £m.	—	59.75	50.96	60.61	47.29	44.88	85.4[illegible]
Equity bargains total	—	13,961	13,974	15,088	12,169	13,295	21,63[illegible]

10 a.m. 403.4. 11 a.m. 403.3. Noon 402.8. 1 p.m. 402.3. 2 p.m. 401.7. 3 p.m. 401.1.

Latest Index 01-246 8026.

(a) Based on 52 per cent. corporation tax. (b) Nil=9.61.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1976 High	1976 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	65.21 (30/1/76)	60.19 (2/1/76)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	64.43 (2/2/76)	59.75 (2/1/76)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	420.8 (4/5/76)	381.6 (5/1/76)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	246.9 (2/1/76)	140.1 (5/4/76)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	May 17	May 14
Daily—		
Gilt-Edged	171.2	169.0
Industrials	180.2	166.9
Speculative	66.1	65.6
Totals	127.6	119.2
5-day Av'ge.		
Gilt-Edged	159.9	157.7
Industrials	184.7	181.5
Speculative	61.9	58.3
Totals	125.7	122.5

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	1	62	[illegible]
Corpns. Dominion and Foreign Bonds	3	8	7
Industrials	206	450	[illegible]
Financial and Prop.	46	201	[illegible]
Oils	12	5	[illegible]
Plantations	5	23	[illegible]
Mines	36	71	[illegible]
Recent Issues	4	15	[illegible]
Totals	290	811	[illegible]

Malaysian visit

Malaysian Prime Minister Hussein left on Sunday night for Saudi Arabia, where he said he hoped to sign a cultural and scientific co-operation agreement, AP-DJ reports.

He would seek ways to expand bilateral economic and cultural ties, especially the possibility of greater Saudi participation in Malaysia's development programme.

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section.) — Monday, May 17, 1976

	Group	Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield %	Est. P/E Ratio	Fri. May 14	Thurs. May 13	Wed. May 12	Tues. May 11	Year ago (approx.)	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (179)	152.81	−0.9	14.78	5.77	10.80	154.20	154.51	157.11	158.61	125.30	[illegible]	[illegible]	[illegible]	50.71 (13/12/74)
2	Building Materials (30)	137.95	−1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	44.27 (11/12/74)
3	Contracting, Construction (23)	213.04	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	71.48 (2/12/74)
4	Electricals (16)	271.97	−0.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	86.71 (25/6/62)
5	Engineering (Heavy) (13)	185.19	−1.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	94.45 (1/2/76)
6	Engineering (General) (63)	142.64	−1.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	45.14 (6/1/75)
7	Machine and Other Tools (9)	58.56	−1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	19.96 (13/12/74)
8	Miscellaneous (25)	139.06	−0.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	46.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (53)	154.43	−0.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	58.39 (6/1/75)
10	Lt. Electronics, Radio TV (15)	149.46	−0.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	42.85 (12/12/74)
11	Household Goods (13)	161.57	+0.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	63.92 (17/12/74)
12	Motors and Distributors (25)	81.79	−0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (168)	154.05	−0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	61.41 (13/12/74)
14	Breweries (15)	157.15	−1.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	69.47 (13/12/74)
15	Wines and Spirits (7)	183.33	−0.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	78.61 (13/12/74)
16	Entertainment, Catering (14)	181.58	−0.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	64.87 (19/1/74)
17	Food Manufacturing (22)	174.41	−0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	59.78 (11/12/74)
18	Food Retailing (15)	143.15	−0.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	54.25 (11/12/74)
19	Newspapers, Publishing (16)	171.07	−0.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	55.08 (6/1/75)
20	Packaging and Paper (12)	108.37	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	43.46 (6/1/75)
21	Stores (34)	155.31	−0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	52.63 (6/1/75)
22	Textiles (23)	170.58	−1.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	62.66 (11/12/74)
23	Tobaccos (3)	230.65	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	94.34 (13/6/62)
24	Toys and Games (6)	78.54	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	20.92 (6/1/75)
	OTHER GROUPS (96)														
25	Chemicals (20)	220.08	−1.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	71.20 (11/12/74)
26	Office Equipment (9)	96.69	−0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	45.34 (2/1/75)
27	Shipping (13)	392.50	−2.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	90.80 (29/6/62)
28	Miscellaneous (49)	164.84	−1.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	159.56	−0.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	59.01 (13/12/74)
30	OILS (4)	389.26	+1.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31	500 SHARE INDEX	178.31	−0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	FINANCIAL GROUP (100)	131.74	−0.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Banks (6)	161.06	−0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Discount Houses (10)	165.29	−0.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Hire Purchase (5)	107.93	+0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Insurance (Life) (9)	110.14	−0.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37	Insurance (Composite) (7)	103.49	−1.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
38	Insurance Brokers (9)	261.44	−0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39	Merchant Banks (16)	78.88	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40	Property (32)	166.64	−0.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	Miscellaneous (6)	79.69	−0.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Investment Trusts (50)	166.47	−1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	71.65 (13/12/74)
43	ALL-SHARE INDEX (650)	166.58	−0.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	61.92 (13/12/74)
	COMMODITY GROUPS (Not included in 500 or All-Share indices)														
44	Rubbers (9)	501.86	−0.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	84.68 (7/8/65)
45	Teas (8)	133.60	−0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	39.72 (9/10/74)
46	Coppers (3)	235.49	−1.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	64.08 (8/4/62)
47	Mining Finance (11)	111.49	−2.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	46.31 (9/9/74)
48	Tins (8)	109.99	−1.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	34.85 (7/5/71)
49	Overseas Traders (13)	244.47	+0.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	97.37 (6/1/75)

FIXED INTEREST

		Monday, May 17 Index No.	Yield %	Friday May 14	Thurs. May 13	Wed. May 12	Tuesday May 11	Monday May 10	Friday May 7	Thurs. May 6	Year ago (approx.)	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	13.64	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	20-yr. Govt. Stocks (6)	50.76	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	20-yr. Red. Deb. & Loans (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Investment Trust Prefs. (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Coml. and Indl. Prefs. (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible] Redemption yield. A list of the constituents of the FT-Actuaries Share Indices is available from the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 20p. [illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1976 high	1976 low
Shell Transport	25p	18	432	+10	452	378
Lucas Inds. 'New'	Nil/pd.	10	20½*	−1½	26*	20½*
BP	£1	9	675	+10	678	575
Estates Hse. Inv.	25p	9	225	—	244	213
ICI 'New'	Nil/pd.	9	44*	—	48*	44*
RTZ	25p	9	224	−3	239	178
Aust. & NZ Bkg.	£1	8	468xr	+3	472	377
Cadb'y Schweppes	25p	8	52xd	—	55	49½
Glynwed 'New'	Nil/pd.	8	19½*	−1½	26½*	19½*
GKN	£1	8	320	−1	360	266
Lonrho	25p	8	89	+2	109	78½
P & O Defd.	£1	8	107	−2½	119	87
"Bats"	25p	7	385	—	410	342
Reckitt & Colman	50p	7	352xd	−2	360	322
Selectn. Tst. 'New'	Nil/pd.	7	59*	+7	92*	46*

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

* Premium.

Option Report—3-month Call rates

OPTION DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
May 11	May 24	Aug. 5	Aug. 17
May 25	Jun. 8	Aug. 19	Sep. 1
Jun. 9	Jun. 21	Sep. 2	Sep. 14

"Calls" were dealt in English Property, British Land, Town and City, Dunlop, "Gussies" "A" and Reyrolle Parsons, while "doubles" were arranged in ICI and British Land.

Industrials		Guardian	18	Spillers	4	Shell	24
		G.K.N.	26	Tesco	4	Ultramar	17
[illegible]		[illegible]		[illegible]		[illegible]	
Burton 'A'	6½	"Lots."	4	Brit. Land	3½	Hampton Areas	12
Cadburys	5	"Mams"	7	Cap Counties	3	Hampton Prop.	4
Courtaulds	11	Marks & Sp'ncer	8	E.P.	6	Kloof	100
Debenhams	8	Midland Bank	22	Int. Europ.	7	Lonrho	9
Distillers	13	Nat'l West. Bank	20	Land Securities	14	Lorraine	60
Dunlop	7½	"Do" Warrants	8½	MEPC	7	Poseidon	35
Eagle Star	11	P & O Dfd.	11	Peachey	4½	Pres. Steyn	200
E.M.I.	17	Plessey	7	Samuel Props.	4½	Rio T. Zinc	17
Gen. Accident	12	R.H.M.	5	Town & City	2½	Welkom	55
Gen. Electric	14	Rank Org. 'A'	15			West Areas	40
Glaxo	35	Reed Int'l.	25	Oils		Western M'ng.	18
Grand Met.	7	Rothmans	4	Brit. Petroleum	40		
G.U.S. 'A'	16	Slater Walker	4	Burmah Oil	4½		

NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

NEW HIGHS (34)

AMERICANS (1)

Shell Oil

BANKS (1)

Aust. & N.Z. Bkg.

BUILDINGS (2)

Cakebread Robey 'A' Glossop (W. & J.)

ELECTRICALS (2)

[illegible]

ENGINEERING (6)

[illegible]

[illegible]

PAPER (2)

Associated Paper Culter Guard Bridge

SHIPPING (2)

Jacobs (J. I.) Mersey Dock Units Manchester Liners

TEXTILES (1)

Ill'worth Morris 'A'

TRUSTS (3)

Edinburgh Industl. Smith Brothers New Bridge

OILS (1)

Siebens (U.K.)

MINES (1)

Western Deep

NEW LOWS (45)

[illegible]

BASE LENDING RATES

- Allied Irish Banks Ltd. 9½%
- American Express Bank 9½%
- Anglo-Portuguese Bank 9½%
- Henry Ansbacher 10 %
- Banco de Bilbao 9½%
- Banco de Jerez 10½%
- Bank of Cyprus [illegible]
- Bank of N.S.W. [illegible]
- Banque du Rhone S.A. [illegible]
- Barclays Bank [illegible]
- Barnett Christie Ltd. [illegible]
- Bremar Holdings Ltd. [illegible]
- Brit. Bank of Mid. East [illegible]
- ■ Brown Shipley [illegible]
- Canada Permanent AFI [illegible]
- Cayzer, Bowater Co. Ltd. [illegible]
- Cedar Holdings [illegible]
- ■ Charterhouse Japhet [illegible]
- C. E. Coates [illegible]
- Consolidated Credits [illegible]
- Co-operative Bank [illegible]
- Corinthian Securities [illegible]
- Credit Lyonnais [illegible]
- G. R. Dawes [illegible]
- Duboff Brothers [illegible]
- Duncan Lawrie [illegible]
- English Transcont. [illegible]
- First London Secs. [illegible]
- ■ Antony Gibbs [illegible]
- Goode Durrant Trust [illegible]
- Greyhound Guaranty [illegible]
- Grindlays Bank [illegible]
- ■ Guinness Mahon [illegible]
- ■ Hambros Bank [illegible]
- Hawtin & Partners [illegible]
- ■ Hill Samuel [illegible]
- C. Hoare & Co. [illegible]
- Julian S. Hodge [illegible]
- Hongkong & Shanghai [illegible]
- Industrial Bank of Scot. [illegible]
- Keyser Ullmann [illegible]
- Knowsley & Co. Ltd. [illegible]
- Lloyds Bank [illegible]
- London & European [illegible]
- London Mercantile [illegible]
- Midland Bank [illegible]
- ■ Samuel Montagu [illegible]
- ■ Morgan Grenfell [illegible]
- National Westminster [illegible]
- Northern Commercial Trust [illegible]
- Norwich General Trust [illegible]
- Portman Guaranty [illegible]
- P. S. Refson & Co. [illegible]
- Rossminster Accepts. [illegible]
- Schlesinger Limited [illegible]
- E. S. Schwab [illegible]
- Security Trust Co. Ltd. [illegible]
- Shenley Trust [illegible]
- Standard Chartered [illegible]
- Trade Development Bk. [illegible]
- Twentieth Century Bk. [illegible]
- United Bank of Kuwait [illegible]
- Whiteaway Laidlaw [illegible]
- Williams & Glyn's [illegible]
- Yorkshire Bank [illegible]

■ Members of the Accepting Houses Committee.

* 7-day deposits [illegible]

† 7-day deposits on sums of £10,000 and under [illegible] over £25,000 [illegible]

§ Demand deposits [illegible]

‡ Call deposits over £1,000 [illegible]

MONEY MARKET

Exceptional assistance

Bank of England Minimum Lending rate 10½ per cent. (since April 23, 1976)

Day-to-day credit was in very short supply in the London money market yesterday, and the authorities gave an exceptional amount of assistance by buying Treasury bills and Corporation bills from the houses. The market was faced with a net take-up of Treasury bills, an increase in the note circulation, and maturing local authority bills. On the other hand, there was a small excess of Government disbursements over revenue transfers to the Exchequer.

Discount houses paid 10-10½ per cent. for secured call loans in the early part, but by the close rates had eased to 8¾-9¼ per cent. In the inter-bank market, overnight loans opened at 10-10½ per cent., and remained steady up until early afternoon, when rates eased gently to finish at 8-8½ per cent.

Short-term fixed period interest rates were generally firmer, with the six-month Sterling certificate yield rising to 10$^{5}/_{16}$-10$^{3}/_{16}$ per cent. from 10⅛-10 per cent., and the 12-month 10¾-10½ per cent., against 10½-10⅜ per cent.

Rates in the table below are nominal in some cases.

May 17 1976	Sterling Certificates of deposits	Interbank	Local Authority deposit*	Local Auth. negotiable bonds	Finance House deposit	Company deposits	Discount market deposits	Treasury bills ф	Bank Bills ф	Fine trade Bills ф
Overnight	—	8-10⅛	—	—	—	10⅜	8¾-10⅛	—	—	—
2 days notice	—	—	10	—	—	—	—	—	—	—
†7 days or 7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* Local authority and finance houses seven days' notice, others seven days' fixed. [illegible]

Finance House Base Rates (published by the Finance Houses Association) [illegible]

CORAL INDEX Close 395-403 401-406 N.T.

I.G. INDEX—01-351 3466 GOLD 126½-129½

INSURANCE BASE RATES

† Atlantic Assurance [illegible]

Cannon Assurance [illegible]

† Address shown under Insurance and Property Bond table.

AUTHORISED UNIT TRUSTS

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

REGIONAL MARKETS

A selection of the share prices previously shown under regional headings is presented below with quotations on London. Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

			Craig Ship £1	315	......	Shiloh Spinn.	24	$-\frac{1}{2}$
			Hallam Sleigh 10p	8	......	Sindall (Wm.)	55	......
Albany Inv. 20p	19	......	Higsons Brew.	97	......	**IRISH**		
Ash Spinning	34	......	I.O.M. Stm. £1	135	......			
Bertam	$26\frac{1}{2}$	......	Holt (Jos.) 25p	225	......	Alliance Gas (£1)	65	......
Bdg'wtr. Est. 50p	145	+2	Kleen-e-Ze	$22\frac{1}{2}$	......	Carroll (P. J.)	115	......
Clover Croft	30	......	Lovell's Ship £1	88	......	Clondalkin	46	......
Craig & Rose £1	327	......	N'thn. Goldsmith	89	......	Concrete Prods.	99	−1
Dyson (R.A.)	18	......	P.M.A.	44	+2	Goodbody (£1)	25	......
Ellis & McHdy.	69	......	Pearce (C. H.)	80	......	Helton (Hldgs.)	28	......
Evans Fr'k. 10p	23	......	Peel Mills	14	......	Irish Distillers	56	......
Evered	$10\frac{1}{2}$	......	RobbCaledonia	47	......	Irish Wire	48	......
Fife Forge	45	......	Sayers 12½p	13	......	Jacob	68	......
Finlay Pkg. 5p	$14\frac{1}{2}$	......	Sheffield Brick	87	......	Sunbeam	$18\frac{1}{2}$	......
Frost & Reed 10p	152	......	Sheff. Refrshmt	140	......	Unidare	72	......

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1976 High	1976 Low	Stock	£	+ or −	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
99½	92¼	Treasury 6½pc 1976‡‡	99½		6.56	10.08
98⅝	98⅝	Victory 4pc 1976‡‡	98⅝		4.04	—
101	100	Treasury 10½pc 1976‡‡	100xd		10.47	10.04
98	95	Treasury 6¾pc 1977‡‡	97⅛		6.43	9.97
97¾	94½	Electric 3pc '74-77	95¼	−¼	3.15	9.07
103	92	Treasury 11½pc '77‡‡	101⅛	−⅛	11.37	10.51
94	91⅞	Treasury 3pc '77‡‡	93⅞xd	−¼	3.20	7.39
94	92¼	Transport 4pc '72-77	93⅝xd	−¼	4.27	8.27
99	90½	Treasury 9pc 1978‡‡	97⅛		9.27	10.73
101½	98	Treasury 10¼pc '78‡‡	99½	−½	10.55	10.74
93½	89⅝	Exchequer 5pc '76-78‡‡	92	−⅛	5.43	8.79
103	100¼	Treasury 11½pc '79‡‡	101	+	11.31	10.76
88⅞	83⅝	Treasury 3pc '79‡‡	87	−⅛	3.45	7.47
89½	73⅞	Electric 4¼pc '74-79	88	−⅛	4.83	8.42
100	96	Treasury 10½pc '79‡‡	98⅛		10.71	11.04
88½	83⅝	Electric 3½pc '76-79	87xd	−¼	4.02	7.82
96	91	Treasury 9pc 1980‡‡	94⅛	−½	9.56	10.90
96½	92	Treasury 9½pc '80‡‡	94xd		10.03	11.13
86	82¼	Treasury 3½pc '77-80	84¼xd	−⅛	4.16	8.12
88½	71	Funding 5¼pc '78-80‡‡	87¾xd	−¼	5.98	8.90
103	98	Treasury 11½pc 1981	100⅞	−½	11.40	11.22
86	80¼	Treasury 3½pc 1979-81	81	−⅛	4.32	8.43
95⅝	92	Treasury 9¾pc 1981‡‡	94		10.27	11.10
		Five to Fifteen Years				
94½	86⅛	Treasury 8¾pc '80-82‡‡	93½	−⅛	9.42	10.96
107¾	99½	Treasury 12pc 1983‡‡	103⅝	−⅛	11.87	11.75
81⅛	73¾	Funding 5½pc '82-84‡‡	80⅝	−¼	6.98	9.45
87⅞	79⅞	Treasury 8¾pc '84-86‡‡	87½	−¼	10.10	11.14
74⅞	68⅝	Funding 6½pc '85-87‡‡	71⅛	−¼	9.17	11.18
77⅝	71	Treasury 7¾pc '85-88‡‡	77⅛	−¼	10.37	11.77
51¼	45⅝	Transport 3pc '78-88	49¾	−⅛	6.17	10.64
59¾	53⅛	Treasury 5pc '86-89	55⅞	−⅛	9.02	11.64
103¼	96	Treasury 13pc 1990‡‡	102⅞	−⅛	13.20	13.22
75⅞	68¼	Treasury 8¼pc '87-90‡‡	71¼xd	−⅛	11.47	12.56
60	53⅛	Funding 5¾pc '87-91‡‡	56¾	−⅛	10.35	12.33
		Over Fifteen Years				
99⅞	87⅝	Treasury 12¾pc '92‡‡	99¼	−¼	13.40	13.48
97⅞	85¾	Treasury 12½pc '93‡‡	97¼	−¼	13.44	13.56
96⅞	91½	Treas. 12½pc '93 'A'‡‡	96¼	−¼	13.45	13.56
58	50⅝	Funding 6pc 1993‡‡	54⅛	−⅛	11.30	12.78
75¾	66⅛	Treasury 9pc '94‡‡	70⅞xd	−⅛	12.70	13.25
36½	32⅛	Gas 3pc '90-95	33⅞	−⅛	8.89	11.85
100	87⅞	Treasury 12¾pc '95‡‡	94¼xd	−¼	13.54	13.60
75⅞	66⅞	Treasury 9pc '92-96‡‡	71¼	−⅛	12.92	13.38
36½	31	Redemption 3pc 1986-96	33⅝		9.02	11.61
101⅞	88	Treasury 13¼pc '97‡‡	103¼	−¼	13.66	13.67
103½	89¼	Do 13¼pc '97 'A'‡‡	102⅞	−¼	13.68	13.68
69⅞	64⅞	Treasury 8¾pc 1997‡‡	69⅞	−⅛	13.01	13.42
57⅞	50⅛	Treasury 6¾pc '95-98‡‡	53⅞	−⅛	12.60	13.32

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

S.E. List Premium 54¼% (based on $1.8620 per £)

Conversion factor 0.6482 (0.6390)

CANADIANS

S.E. List Premium 54¼% (based on $1.7660 per £)

††BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

For Spirella see Vantona

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

For Lyons (J.) see Food

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

MINES—Continued

FAR WEST RAND

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
710	350	Blyvoor 25	485	−5	‡Q100c	1.3	‡
£14	785	Buffels R1	£10	−¼	Q180c	1.4	10.7
198	95	Deelkraal R0.20	140	−10	—	—	—
760	330	Doornfontein R1	400	......	‡Q110c	1.4	‡
965	640	East Drie R1	800	......	Q75c	1.7	5.6
280	160	Elandsr'd Gld Mng 20c	200	......	—	—	
190	115	Elsburg R1	133	−5	Q33.8c	1.0	15.1
£16½	£11¼	Hartebeest R1	£14	−½	Q215c	1.4	9.1
695	430	Kloof Gold R1	490	−20	Q55c	1.4	6.7
760	400	Libanon R1	460	......	‡Q110c	1.9	‡
740	335	Southvaal 50c	565	+5	Q8c	1.3	0.8
245	140	Stilfontein 50c	200	......	Q36c	2.2	7.7
£20½	£10¾	Vaal Reefs 50c	£15	−¼	Q175c	2.1	6.9
420	190	Venterspost R1	205	−5	‡Q70c	1.9	‡
£35	£19¾	W. Drie R1	£24½	+¼	‡Q485c	1.2	‡
315	165	W'st'rn Areas R1	220	−10	Q52c	1.4	14.0
£15¼	10⅛	Western Deep R2	10⅛	−⅛	Q147½c	1.6	0.0
290	190	Zandpan R1	242	−3	Q35½c	1.0	8.7

O.F.S.

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
170	75	Fr. State Dev. 50c	125	−5	Q14c	1.6	6.6
£22½	£12	F.S. Geduld 50c	£14½	−¼	‡Q330c	1.3	‡
200	57	F.S. Saaiplaas R1	160	−5	26c	0	2.2
465	295	Harmony 50c	400	−5	Q65c	ϕ	9.6
195	70	Loraine R1	115	−5	Q6c	0.5	3.1
£18½	950	Pres. Brand 50c	£13½	−¼	‡Q250c	1.3	‡
£13	700	Pres. Steyn 50c	810	−30	‡Q125c	2.2	‡
£23	£12	St. Helena R1	£15¾	−¼	‡Q250c	1.2	‡
174	66	Unisel	120	−10	—	—	—
330	220	Welkom 50c	280	−5	‡Q55c	1.7	‡
£25½	£14	W. Holdings 50c	£17½	−¼	‡Q475c	1.2	‡

FINANCE

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
530	315	Ang. Am. Coal 50c	480	−20	MQ38c	2.8	4.7
375	235	Ang. Amer. 10c	305	−10	Q33c	1.9	6.4
£28¾	£17¾	Ang. Am. Gold R1	£22¼	−¼	Q260c	ϕ	6.9
£13	850	Ang-Vaal 50c	£12¾	......	†Q95c	3.7	2.4
199	118	Charter Cons.	152	−3	†6.21	2.2	6.3
220	146	Cons. Gold Fields	174	−4	†7.37	4.3	6.5
23½	15	E. Rand Con. 10p	18	......	1.0	ϕ	8.5
330	185	Geduld Inv. R1	260	−5	Q40c	1.5	9.1
£25	£15½	Gen. Mining R2	£19½	−1	Q210c	2.1	6.4
£22½	14¼	G. Fields S.A. 25c	17¼	−½	Q225c	1.3	25.7
£24	£11½	Jo'burg Cons. R2	£18¾	−1¼	Q165c	2.5	5.2
380	200	Middle Wit 25c	340	−10	†Q28c	2.0	4.9
240	168	Minorco SBD1.40	212	−5	‡Q14c	—	‡
160	85	New Wit 50c	107	−3	Q20c	1.6	11.1
£12¾	770	Patino NV Fls.5	£11¼	−⅛	QC40c	10.5	1.1
810	480	Rand Selection 50c	600	−20	Q75c	1.5	7.4
*543	449	Selection Trust	465	+10	t15.2	2.0	5.0
230	135	Sentrust 10c	193	−2	Q30c	1.2	9.2
66	45	Silvermines 2½p	59	.....	‡a4.0	1.6	
175	95	SW Africa 20p	175	..	†17.87	2.0	15.7
£12½	700	T'vaal Cons. Ld. R1	£11	+¼	Q65c	2.0	1.8
310	170	U.C. Invest R1	220	−5	Q36c	1.0	9.7
465	245	Union Crp. 6.25c	340	−15	Q42c	1.4	7.3
90	45	Vogels 2½c	75	−2	Q6½c	1.2	5.1

DIAMOND AND PLATINUM

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
£32½	£17½	Anglo-Am. Inv. 50c	£24	−¼	Q244c	1.6	6.2
122	68	Bishopsgate Plt. 10c	127	+5	†Q4.5c	ϕ	2.1
335	198	De Beers Df. 5c	239	−6	Q28c	2.2	6.9
£14	850	Do. 40pc Pf. R5	£11	......	Q200c	ϕ	10.8
128	69	Lydenburg 12½c	120#	......	†Q2.9c	1.5	1.5
207	108	Pot. Plat. 2½c	188#	......	†Q5c	1.0	1.6
163	90	Union Plat. 10c	162#	......	†Q4.96c	1.0	1.8
171	88	Waterval 5c	171#	......	†Q5.2c	1.0	1.7

CENTRAL AFRICAN

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
165	70	Coronation 25c	96	−2	‡Q34c	2.1	‡
127	85	Falcon Rh.50c	90	......	†Q35c	1.3	—
19	11	Rho-Corp. 16⅔p	13	......	0.56	6.0	6.6
195	135	Roan Cons. K4	170	......	‡Q16.0	4.7	‡
175	142	Tanganyika 50p	160	......	‡Q26	1.2	‡
68	65	Do. Pref. 80p	65	......	Q9	18.0	11.6
48	25	Wankie Col. Rh.1	30	......	†Q6½c	1.3	10.0
46	24	Zam. Cpr. SBD0.24	29	−1	QUS4c	3.2	7.1

AUSTRALIAN

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
26	18	Acmex 25c	23	......	—	—	—
215	132	A. M. and S. 50c	212	......	Q7c	ϕ	2.2
156	96	Bougainville 50c	153	−2	Q10c	ϕ	4.3
203	145	BH South 50c	193	−4	—	—	—
75	35	Gold M. Kalg $1	40	......	—	—	—
82	58	Hamptn Areas 5p	75	−1	1.18	4.2	2.5
67	38	Metals Ex. 50c	65	......	—	—	—
20	14	Metramar 20c	17	......	—	—	—
294	200	M.I.M. Hldgs. 50c	280	......	‡Q10c	1.8	‡
105	70	Mt. Lyell 25c	85	......	‡Q5c	2.4	‡
2½	2	Newmetal 10c	2	......	—	—	—
182	138	North B. Hill $1	178	+1	Q9c	1.4	3.2
9	5	North Kalg. 30c	5	......	—	—	—
79	65	Oakbridge SA1	78	+2	†Q8c	1.3	6.7
35	14	Pacific Copr. 25c	30	......	—	—	—
£19½	725	Pancont'l 25c	£10¼	−¼	—	—	—
16	9	Paringa Mi&Ex 5p	16	......	—	—	—
615	430	Peko-Walls'd 50c	615	......	Q15c	ϕ	1.6
230	140	Poseidon 20c	230	+10	—	—	—
13	9	Vultan Min. 50c	10	......	—	—	—
9	4	Westmex 10c	7	......	—	—	—
*179	127	W. Mining 50c	171	−3	‡Q6.9c	0.8	‡
54	36	Whim Creek 20c	46	......	—	—	—

TINS

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
45	28	Amal. Nigeria	42	......	5.62	1.6	20.6
298	160	Ayer Hitam	255	−3	†13.0	1.8	8.5
30½	17	Beralt Tin	28	+½	21.75	—	9.6
405	315	Berjuntai SM25	405	......	‡QSM2	ϕ	‡
18	13	Ex Lands 10p	17	......	15	3.8	13.6
240	155	Geevor	235	......	‡12	2.3	‡
14	10	Gold & Base 12½p	13	......	—	—	—
230	170	Gopeng Cons.	215	......	‡11.0	1.3	‡
75	64	Hongkong	75	......	—	—	—
70	56	Idris 10p	67	......	7.15	ϕ	16.4
7½	6	Jantar 12½p	7½	......	—	—	—
42	31	Kamunting 15p	38	−1	‡7.0	1.2	‡
235	135	Killinghall	235	+5	Q50.0	ϕ	21.3
175	147	London Tin 20p	165	......	7.47	ϕ	7.0
228	168	Malay Dredging	217	−3	10.7	2.0	7.6
38	20	ΔPahang	32	......	‡Qh2.6	ϕ	12.5
55	40	Pengkalen 10p	46	......	‡7.0	1.5	‡
123	104	Petaling SM1	123	......	—	—	—
43	19	Saint Piran	41	......	—	—	—
100	64	South Kinta (10p)	83	−2	‡9.5	1.5	‡
193	105	Sthn. Malayan	175	−3	10.7	0.9	9.4
45	31	Sungei Besi 20p	45	......	‡6.0	3.0	‡
37	29	Sungei Way SM1	37	......	ZQ10	—	4.7
48	40	Tanjong 15p	47	......	4.0	ϕ	13.1
52	40	Tongkah Hb SM1	43	......	‡Q23%	0.6	‡
100	58	Tronoh	91	−3	4.29	ϕ	7.3

COPPER

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
85	42	Botswana RST R2	67	−8	—	—	—
335	170	Messina R0.50	280	−5	†Q85c	1.9	7.6

MISCELLANEOUS

1976 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
10	8	Burma Mine 17½p	9	......	0.1	ϕ	1.8
39½	23	Charterhall 5p	27	..	—	—	—
965	580	Cons. Murch. 10c	890	......	Q80c	1.8	5.3
55	28	Laurasia	55	+6	—	—	—
455	245	Northgate C$1	390	+10	Q25c	0.3	3.4
239	178	R.T.Z.	224	−3	5.42	2.2	3.7
112	85	Sabina Inds. C$1	91	+1	—	—	—
£13⁵⁄₁₆	£10	Tara Expln. $1	£13⁵⁄₁₆	−⅛	—	—	—
132	88	Yukon Cons. C$1	132	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Banks and Insurance: reserve allocations may preclude calculation of dividend cover.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Based on 1973 profits.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 28

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £325 per annum for each security

FINANCIAL TIMES
Tuesday May 18 1976

Engineers' vote may endorse pay policy

BY ROY ROGERS

SCARBOROUGH, May 17.

BRITAIN'S second largest union, the 1.4m.-member Amalgamated Union of Engineering Workers, is poised to fall into line with the proposed 4½ per cent. pay policy, thereby ensuring it landslide support at the special TUC Congress next month.

Leaders of the third largest union, the General and Municipal Workers, yesterday decided, as expected, to recommend their conference earlier next month to back the pay plan.

The last major obstacle to the policy, due to be introduced in August, should disappear to-day when the national committee of the AUEW's dominant engineer section, one of the union's four sections, debates pay. The indications are that the policy will be accepted by a slender majority of this evenly divided body.

Left-wingers had hoped to defer the pay debate until the AUEW's full conference here next week, when delegates from the other three sections — technical and supervisory section (TASS), construction, and foundry—would give them a better chance of rejecting the Government-TUC pay proposals.

But with the pay debate now being held to-day in the engineering national committee instead moderates are confident of victory which, however, close, would mandate all 52 delegates for next week's full AUEW conference. Because of the engineering section's dominant role, that would be decisive.

To-day's pay debate, which will be completed before Mr. James Callaghan, the Prime Minister, addresses the committee to-morrow, will reveal the deep political divisions within the national committee. With most delegates already committed, the more independent Tyne and Teesside delegates hold the balance of power and since they have put forward a motion urging support for the Labour Government and a return to free collective bargaining only when economic circumstances permit, they are expected to endorse the policy.

The Left-wingers' only hope of aligning the AUEW against the policy would be for them to force a 26-26 stalemate to-day which would leave the 52 delegates without any mandate at next week's full conference.

Pitfalls

Strong backing for the pay policy is expected to-day from Mr. Hugh Scanlon, AUEW president, who hinted yesterday he might be forced to resign from the TUC pay policy negotiating team if the proposals were rejected by his union

While not specifically mentioning pay in his presidential address, Mr. Scanlon took great pains to stress the need to maintain a Labour Government.

He declared that the union would continue to press the Government for selected reflation so as to preserve jobs but was not prepared to "play the Tories' game."

"We will not, I repeat will not, indulge in irresponsible actions which can only result in the now minority Labour Government being brought down," said Mr. Scanlon.

In a thinly veiled recommendation to delegates to support the pay policy, Mr. Scanlon warned of the implications if the Labour Government were replaced by the Tories.

"We shrink in horror at the thought of a Tory Government being unleashed on us," he declared, suggesting that this would lead to unemployment in proportions hitherto undreamed of and the reduction of social services to a minimum.

He went on to remind delegates about the union's costly legal battle over the Conservatives' Industrial Relations Act and the more recent Tory "interference" in union affairs.

In his view it was unthinkable to help bring about the return of such a Government—a theme he is certain to repeat in to-day's pay debate when he will attempt to justify his support for the pay policy.

Mr. Scanlon also used his address to hit out at international financial speculators, whom he blamed for the sterling crisis, and at TUC plans for worker participation. The

Picture Page 9
Men and Matters Page 16

U.S. aerospace team here for partnership talks

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ANGLO-U.S. collaboration on future civil aerospace programmes, including a new areo-engine, is under discussion in London this week between top officials of Boeing and Pratt & Whitney of the U.S., and U.K. Ministers and aerospace industry representatives.

The U.S. team, led by Mr. T. C. Wilson, president of Boeing, and Mr. Harry Gray, president of United Technologies, the parent company of Pratt & Whitney, last night met Mr. James Callaghan, the Prime Minister, after seeing Mr. Eric Varley, Secretary for Industry, and Sir Kenneth Keith, chairman of Rolls-Royce (1971).

To-day they are expected to meet Lord Beswick, chairman of the aerospace organising committee preparing for nationalisation of the industry. Later, they will visit British Airways and possibly British Aircraft Corporation and Hawker Siddeley Aviation, too.

These meetings are of the highest significance in view of growing concern about the possibility that the French industry might reach a private agreement with the U.S. industry that would damage possible future European collaboration.

It is expected that U.S. officials will be told that the U.K. is willing to work closely with the U.S., if this becomes either possible or desirable, to avert the danger of too many projects chasing too few orders.

The talks this week are aimed particularly at cementing a major agreement between Rolls-Royce (1971) and Pratt Whitney on the joint development of a new civil engine—the Pratt & Whitney JT-10D "ten-tons thrust"—for the next generation of medium-range airliners.

This engine would be competitive with the existing Franco-U.S. (Snecma-General Electric) CFM-56 engine and would give Rolls-Royce an important foothold in the big airliner markets of the future.

Substantial U.K. Government investment in this project would be necessary, however—one estimate puts it as high as £100m.—and this explains why the U.K. Government is so closely involved in this week.

The U.K. will make it clear that, despite current discussions with European manufacturers, it sees no barrier to a closer working relationship with the U.S. on civil airframes as well as engines, although here the prospects are less clearly defined than they are in the engine field.

There are so many projects under discussion, ranging from the HS-146 feeder-liner to derivatives of the European Airbus and new medium-range jet airliners, that even if one substantial new programme is undertaken with Europe, there would still be room for a joint venture with the U.S. in another part of the field.

Especially timely

What U.K. Ministers and officials are anxious to ensure, however, is that there is no Franco-U.S. or other agreement before the U.K.'s views have been put to the Americans at the highest level.

The French Government is due to consider the rival plans of Dassault/McDonnell Douglas and Aérospatiale/Boeing in early June, so the meetings in London this week are considered particularly timely.

Meanwhile, McDonnell Douglas, which is seeking to sell a new version of its long-range DC-10 jet, the 30R, to British Airways, last week took a party of British MPs to its St. Louis, Missouri, factory.

The company made it clear that it is not just seeking an order from the State airline, but is prepared to encourage design, development and test work in addition to sharing in manufacture and marketing.

THE LEX COLUMN

Leyland's profit in perspective

British Leyland's turnround from losses of £19.8m. and £56.3m. during the two halves of 1974-75 to profits of £14.2m. pre-tax in the six months to last March has to be put firmly into perspective. A reduction of around 17,000 in the average U.K. workforce, all of which was completed prior to the reconstruction, has had as dramatic an effect on operating costs as the £200m. of equity finance received last October has had on finance charges. Trading losses in Italy and Spain, now eliminated, knocked roughly £7m. out of the first half figures a year ago. And without the fall in sterling, which has turned a modest rise in export volumes into a 34 per cent. jump in export values, British Leyland would still only have broken even in the latest period.

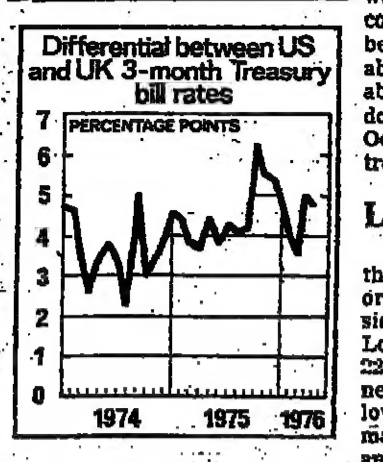
So there is still away to go. However, as a result of the very recent performance of the car division the Board has decided to recommend the injection of the next £100m. of public money, and it looks as though it will be needed before too long. Major decisions about the spending programme of the car division cannot be suspended indefinitely. And although capital spending actually fell during the six months, and was more or less covered by cash flow, short-term borrowings (which amounted to £248m. before the equity injection) are now moving higher. To judge by the interest charge, they could have totalled very roughly £150m. at the end of the half year.

Part of this reflects the fact that export funding has risen by two-fifths over the last 12 months. But if British Leyland does get up to its production targets, it is plainly going to need a lot more working capital.

£25m. for Birmingham

Despite the fact that most of the £100m. GLC issue 2½ months ago finished up in the hands of the underwriters a considerable shortage of stock has appeared in the corporation loan market. Even though the new £25m. Birmingham issue of 13 per cent. stock 1983 appears to be affected by the same bad timing jinx that has afflicted most such recent offers, the decline in gilts was modest enough yesterday to leave it with a fair chance of avoiding the GLC issue's fate.

Index fell 6.2 to 401.0



The new stock carries a yield advantage of almost 1½ points over the comparable gilt, and about 0.15 points over the GLC loan. But as usual with these offers, everything hangs on the feeling of the market on Wednesday night. Whatever happens, other local authorities may feel tempted to come to the market after a quiet spell for such issues. With U.S. rates starting to climb corporation treasures could see less likelihood of significantly lower borrowing costs later in the year.

Akroyd & Smithers

Whatever the truth about rumours that Akroyd and Smithers made a large killing on a block of gilt-edged tap stock during the Christmas/New Year surge in gilts, it has certainly turned in some impressive figures for the half-year to April 2. Pre-tax profits are £6.39m. (a return of no less than 85 per cent. on shareholders' funds in just six months) against £5.66m. in the same period of 1974-75. Akroyd is noted for its willingness to take large positions, especially in gilts—its last accounts, for instance, showed a net bear position on October 3 of over £50m. ahead of a nasty setback in the market on an MLR rise. This ability to get sharp movements in the gilt market right is much envied, but it is nevertheless a high risk policy. And the relatively quiet conditions of the second six months last year produced only £1.65m. pre-tax.

Hence a yield at 203p of around 9 per cent., and a p/e on the last 12 months' earnings of 4.4, though the shares trade well above current worth of 128p a share. Recent conditions in gilts cannot have been anything like so favourable; as for equities, comparable turnover was 30 per cent down for the whole market October-March, and the recent trend has stayed poor.

Lonrho/LCW

By its own standards, at least there may be nothing out of the ordinary about Lonrho's decision to buy 29.9 per cent. of London City and Westcliffe at 22p per share. That represents nearly four times the 1974 low, over a fifth more than the market price before the news and a discount of perhaps a third on net assets after making allowances for LCW's problem property in Paris. This remains largely unlet, and its likely deficit of around £750,000 a year will more than offset a return to profits in the U.K., so the chances of the high getting any immediate return on this £5.7m. investment are uncertain.

Of course LCW and the recent investment in Combined English Stores are relatively small beer for Lonrho. For perspective nearly a third of the current market capitalisation of £125m. is made up of shares issued over the last 18 months. But the symbolic of an investment approach which other companies have found it wise to abandon...

French Kier

The odds on French Kier survival seemed to narrow yesterday. Before development land write-offs of £2.4m (making £4.2m. in two years) the group is out of the red for the second half of 1975, and with no further provisions ahead a "modest" profit is expected overall in 1976. Last night some outside estimates were pushing up to around £2m. for earnings of, say, 3p a share. Meanwhile cash flow from the profitable Kier operations and selective disposals have transformed the group balance-sheet. Net borrowings are currently not that much ahead of shareholders' funds at around £18m., having halved from a peak of £30m. over the past year or so. At 13½p a market capitalisation of £6.4m. compares with the £11m. of taxpayers' money that FK has so far called upon.

Ulster tension rises after weekend killings

BY OUR BELFAST CORRESPONDENT

THE DANGER intensified yesterday of a renewed sectarian war developing from the latest wave of violence in Ulster, in which 13 people have so far died.

Tension in both communities has been heightened by the reprisal killings which followed the deaths of five members of the Royal Ulster Constabulary. Two more people were killed yesterday.

The largest of the Protestant paramilitary groups, the Ulster Defence Association, broke its week-end silence with an angry statement threatening retaliation against Republican areas because of the Provisional IRA campaign against the police.

It said the "long hot summer" which the Provos had promised for the RUC could work both ways.

Three Provo "battalions," in South Down, East Tyrone and Fermanagh, admitted responsibility for the murders of the policemen, and said their campaign would continue for as long as the Government "tries to foist the RUC upon the community."

The Provos have declared that attacks on the Catholic minority would be met with fierce retaliation.

The greatest danger, according to security forces, seems to lie in the notorious "murder triangle" in east Tyrone. Yesterday gunmen walked into an egg-packing business at Moy and shot dead two Protestant brothers at close range.

The murders brought to six the number of people to die within a five-mile radius of the town since Saturday, including the reserve police constable shot dead at his home at Benburb on Sunday night.

Members of the mainly Roman Catholic Social Democratic and Labour Party who represented the area in the former Constitutional Convention saw Mr. Merlyn Rees, the Northern Ireland Secretary, at Stormont Castle last night to press for urgent action

Earlier Mr. Rees had cancelled engagements in his Leeds constituency to fly to Belfast for consultations with Gen. Sir David House, the Army commander, and Mr. Kenneth Newman, Chief Constable of the RUC.

He said after the meeting that the Government's policy of seeking to achieve the primacy of the police was not something which could happen overnight. The roles of the RUC and the Army were complementary and could never be the same. It was not his intention to turn the police into a paramilitary force.

He added: "The main reason that the Provisional leadership has ordered attacks on the RUC is that it has no policy other than violence, and fears the successes which the police are already having in bringing members of the organisation to justice."

The Provo campaign has switched to the police just as plans are being implemented to give them a greater responsibility in peacekeeping. But while tactics may have to change in the short term, officials at Stormont have indicated that the Government is unlikely to reverse its strategy, which is aimed at eventually reducing troop levels.

Bank loan to shield Bates depositors

BY MARGARET REID AND TERRY WILKINSON

IN AN unusual move, the Bank of England yesterday acted to provide loan facilities which will protect the depositors of Edward Bates and Sons (Holdings), the merchant bank whose sharas were suspended last Thursday pending clarification of its financial position.

The Bank of England, which is to provide standby facilities jointly with the First Arabian Corporation, a minority shareholder in Bates, has also asked leading accountants Price Waterhouse and Co. "to advise and report" on Bates's business.

It is rare, though not unprecedented, for the Bank of England itself to step in with backing for a bank, although it has traditinally been concerned with the welfare of authorised banks, of which Bates is one. The support of this nature, infrequently given in the past has never been publicly disclosed.

However, it was confirmed yesterday that there has been more than one occasion not so long ago when the Bank had, without announcing it, given help of the type provided to Bates. "There have been cases where banks have been provided by the Bank of England with stand-by facilities in recent years," the Bank said.

Such direct support is to be distinguished from the Bank's participation to the extent of some 10 per cent. in the "lifeboat" operation, run jointly with the big banks over the past two years, to assist more than 20 concerns hit by the secondary banking crisis.

Yesterday's announcement follows four days of urgent discussion between the Board of Bates, the Bank of England and First Arabian Corporation.

The Bank says that "discussions are continuing with a number of Arab interests on the future course of this bank; meanwhile a standby facility to cover its deposits has been made available by the Bank of England and the First Arabian Corporation." Bates's deposits total some £67m., of which more than half are believed to be held by Arab interests.

Although the suspension of Bates's shares last Thursday at 20p gave an added urgency to the talks betwen Bates and the Bank of England, it is understood that discusions have been going on for several weeks at the initiative of the Bank. This followed closely on the end of Bates as an authorised bank has 31, when the Bank, to which Bates as an authorised mank has to make regular accounting returns, expressed concern at the quality of the company's loan portfolio and balance sheet.

Lonrho pays £5.7m. for stake in London City & Westcliffe

BY QUENTIN GUIRDHAM

LONRHO HAS bought 29.9 per cent. of London City and Westcliffe Properties with the intention of making it into "one of the major property vehicles in the country."

London City and Westcliffe and the three companies from which Lonrho has made its £5.7m. cash purchase were formerly controlled by the Williams family, represented by Mr. Harry Landy. Lonrho, more than a fifth of whose shares are in Arab hands, has negotiated to buy the stake through Mr. Alan Wheatley, liquidator of Israel-British Bank (London).

The main part of the holding comes from Sentinel Insurance, which will receive £3.7m. The remaining holdings were split between National Insurance and Guarantee Corp. and Israel-British. The former Williams interests still hold 6 per cent. of the property company's equity.

Apart from these controlling shareholdings, London City and Westcliffe had been directly involved in the failure of Israel-British, having £2.8m. on loan to the bank. Since the failure it has cut its dividend to a nominal level.

However, apart from one unlet Paris development, London City and Westcliffe has a quite stable portfolio, and during the fall in office values has gained from its interests in residential property, house-building and construction. Its net assets approach £40m.

Lonrho's move into property represents a new field of activity. Its only previous involvement came with negotiations, which failed to buy the empty Centre Point office building in London. Its plan was to use some space as its headquarters, and to let the rest.

Muscle

The company said that Mr. Tiny Rowland had been studying London City and Westcliffe for more than four years. Now that Lonrho had picked a vehicle, he said, Lonrho intended to expand and improve the company to make it a major force in U.K. property.

Lonrho said that it might make a specific contribution to the problem of London City and Westcliffe's £5m. Paris Nord development. Only 3,000 square metres out of 13,000 square metres are let and the project is producing a deficit of £700,000.

Mr. J. H. Lew, managing director of London City and Westcliffe, said that the company had been kept informed of negotiations to sell the major interest in the company. Lonrho, he said, had "enough financial muscle behind them to do nothing but good for shareholders."

Lonrho's purchase of the maximum shareholding short of requirement to make a full bid, was made at 22p. London City and Westcliffe shares finished at 19p, up 1p. Lonrho ended at 91p up 4p.

Lonrho's most recent acquisition was a 4½ per cent. stake in Combined English Stores and other U.K. purchases have included Volkswagen (G.B.), Balfour Williamson, Armitage Industrial Holdings, and London Australian and General Exploration.

Mr. Wheatley of Price Waterhouse, said that the deal represented a major step in freeing the assets of Israel-British Bank (London). Apart from the cash raised by the bank's own holdings, it made the intended sale of control of both Sentinel Insurance and National Insurance and Guarantee Corporation more attractive.

Through the complex structure of the Williams family interests, Israel-British is entitled to about 60 per cent of the proceeds from these intended sales.

Sentinel's position has been improved substantially, since it has cash in place of a holding which, under the new insurance company regulations, was too large for all of it to be included in the company's asset base for solvency requirements

Mr. Wheatley is thought to have withstood pressure to allow the sale of the London City and Westcliffe stakes earlier on a piecemeal basis. His tactic of waiting for a single bidder has produced a sizeable profit for the three companies concerned.

Continued from Page 1

Support for pound

0.2 from Friday's close, but up from a day's low of 38.2, equal to the worst level touched in previous falls.

Rising interest rates in New York—provoked partly, ironically enough by indications of faster wholesale price inflation—were the main factor stimulating demand for the dollar. Bond rates have risen more sharply in New York than money market rates, and Eurodollar rates have also responded.

These developments also depressed the market for Government stocks in London. The authorities have achieved significant sales in recent weeks, partly based on hopes that the 1½ per cent. rise in the official minimu lending rate imposed in April woud prove temporary. With the firming of New York rates, these hopes have now receded.

Retail sales volume grows by 2½%

BY ANTHONY HARRIS

THE IMPACT of the Budget appears to have been the main reason for a 2½ per cent. rise in retail sales volume between March and April.

The Department of Industry's preliminary estimate of volume reached 108 (1970=100), but any underlying improvement from the depressed levels of the second half of last year appears to be modest—1 per cent. or a little more.

No details of sales of different classes of goods are available yet. But the department suggests that the reduction of the higher rate of VAT may partly explain the change. Anticipation of a tax cut also appears to have held back sales of consumer durables in March.

Buying of pre-Budget stocks of drink and tobacco will also have increased volume in the month.

The average volume for March and April together, which eliminates some of these distortions, was 106¾, just over 1 per cent. higher than in the second half of last year. Volume in January and February, at just over 110, was influenced by the unusually buoyant annual sales season and by the impact of easier hire purchase controls.

It would not be safe to draw any more precise conclusions from the figures, which are stated only to the nearest ½ per cent. and which are, according to the official statisticians, more than usually liable to error.

The seasonally adjusted figures for volume are reached by deflating a year-on-year comparison of the estimated value of turnover. Such comparisons are inherently unreliable when inflation is rapid, because of the appearance of significant changes in relative prices. April last year, the month of the "Healey boom" ahead of the delayed imposition of the 25 per cent. VAT rate, was itself highly abnormal.

RETAIL SALES VOLUME
(seasonally adjusted)

		(1970 100)
1975	1st qr	111.3
	2nd qr	108.9
	3rd qr	105.5
	Oct.	104.8
	Nov.	105.2
	Dec.	107.0
1976	Jan.	109.8
	Feb.	107.1
	Mar.	105.5
	Apr.	*108.0

* Provisional.

Weather

U.K. TO-DAY

BRIGHT or sunny spells and showers, some heavy.

London, E. Anglia, S.E. England
Rain at first then bright spells. Wind W., light. Max. 15C (59F).

E., N.E., N.W., S.W. and Cent. England, Midlands, Wales, Channel Is.
Sunny intervals, showers. Wind W. to S.W., light. Max. 14C (57F).

Lakes, Borders, I. of Man, Edinburgh, Dundee, Aberdeen, S.W. Scotland, Glasgow, Argyll, N. Ireland
Showers, heavy at times. Bright spells. Wind S.W., moderate. Max. 11-12C (52-54F).

Cent. Highlands, Moray Firth, N.E. and N.W. Scotland, Orkney, Shetland
Showers, some heavy. Bright spells. Wind S.W., fresh. Max. 9C (48F).

Outlook: Showers or rain.

Lighting-up: London 21.19, Manchester 21.37, Glasgow 21.57, Belfast 21.58.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Alexandria	C	26	79	Manchestr	F	16	61
Amsterdm	F	22	72	Melbourne	R	15	59
Athens	S	25	77	Mexico C.	S	22	72
Barcelona	S	20	68	Milan	S	19	66
Belfast	R	11	52	Montreal	C	23	73
Belgrade	S	23	73	Moscow	S	16	61
Berlin	S	20	68	Munich	S	21	70
Birm'ham	F	17	63	Newcastle	F	16	61
Bristol	C	15	59	New York	Fg	19	66
Brussels	S	22	72	Oslo	S	17	63
Budapest	S	23	73	Paris	F	24	75
B. Aires	C	12	54	Perth	S	18	64
Cairo	S	34	93	Prague	F	21	70
Cardiff	C	13	55	Reykjavik	C	7	45
Cologne	S	23	73	Rio de J'o	S	28	82
Copenhagn	S	16	61	Rome	S	23	73
Dublin	C	12	54	Singapore	S	29	84
Edinburgh	C	13	55	Stockholm	S	21	70
Frankfurt	S	[illegible]	72	Strasbourg	F	23	73
Geneva	F	20	68	Sydney	R	20	68
Glasgow	R	12	54	Tehran	S	23	73
Helsinki	S	19	66	Tel Aviv	F	23	73
Hong Kong	S	29	84	Tokyo	S	22	72
Jo'burg	S	34	93	Toronto	C	16	61
Lisbon	S	16	61	Vienna	S	22	72
London	S	19	66	Warsaw	F	19	66
Luxemb'g	S	21	70	Zurich	F	21	70
Madrid	S	23	73				

HOLIDAY RESORTS

Ajaccio	S	21	70	Jersey	C	16	61
Algiers	S	23	73	Las Palms	F	20	68
Biarritz	F	16	61	Locarno	S	24	75
Blackpool	C	15	59	Majorca	S	21	70
Bordeaux	S	23	73	Malaga	S	22	72
Boulogne	S	19	66	Malta	C	19	66
Casablnca	C	19	66	Nairobi	C	21	70
Cape Tn.	C	19	66	Naples	S	27	81
Corfu	C	27	81	Nassau	C	28	82
Dubrovnik	S	24	75	Nice	S	23	73
Faro	C	21	70	Nicosia	F	29	84
Florence	S	27	81	Oporto	F	17	63
Funchal	F	17	63	Rhodes	S	26	79
Gibraltar	S	18	66	Salzburg	S	23	73
Guernsey	S	13	55	Tangier	S	22	72
Innsbruck	S	24	75	Tenerife	C	14	57
Inverness	R	12	54	Valencia	C	20	68
Isle o Man	C	11	52	Venice	S	26	79
Istanbul	F	24	75				

S—Sunny. F—Fair. C—Cloudy. R—Rain. Fg—Fog.

Registered at the Post Office. Printed by St. Clements Press Ltd. for and published by the Financial Times Ltd., Bracken House, Cannon Street, London EC4P 4BY. © The Financial Times Ltd., 1976